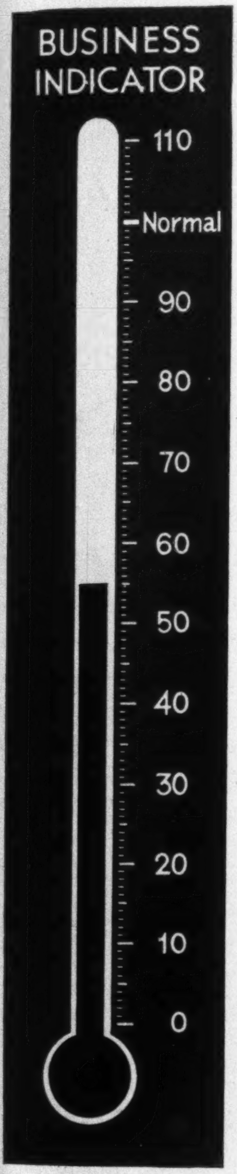
BUS-ADM.

OCT 10 1932

THE BUSINESS WEEK

OCT 12, 1932



For the first time since 1928 most of the business indicators seem to have had the benefit of a full measure of the normal fall seasonal stimulus, although at the current low levels the actual increase in business activity has naturally been small. . . . Seasonal factors appear to be carrying their influence forward into early October and while in some instances there are signs that the peak of the seasonal movement is passing, in others like steel there is a suggestion of continuing pressure toward expansion in response to slow revival of diverse demand. . . . As against the recent tendency of commodity prices to lose some of the ground gained, the marked unseasonal increase in residential building in September is promising and in some respects more encouraging than the continued expansion of public construction work. It is almost the sole sign so far of resumption of private investment in new capital facilities, upon which any real business recovery under our existing economic arrangements depends. . . . This lag in new long-term capital investment, except through governmental channels, is the more remarkable because of the unprecedented accumulation of idle funds in the main money centers, where short-term interest rates are at the lowest levels on record. . . . It is evident that while considerable progress has been made in dissipating the more acute aspects of the panic psychology in the past few months, confidence of investors and enterprisers in the early restoration of the purchasing power of farm, factory, and foreign workers as a basis for business expansion projects is still somewhat insecure.

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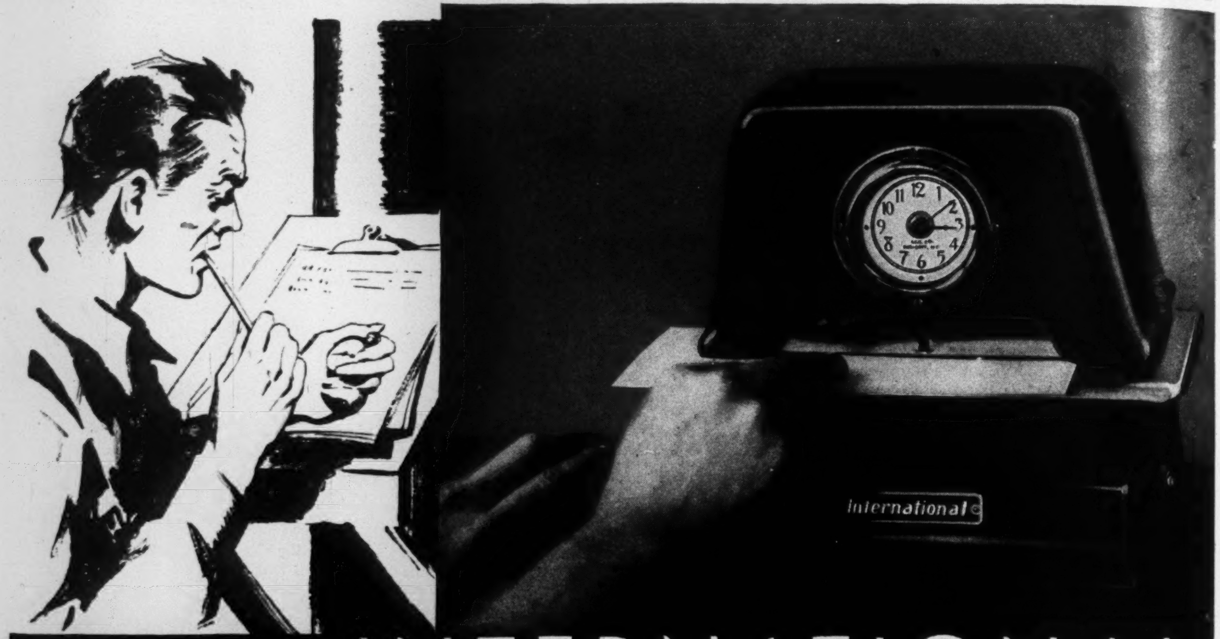
YOU NEED A MODERN METHOD FOR A MODERN JOB



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THE BUSINESS WEEK (with which is combined The Magazine of Business) October 12, 1932, No. 162. Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York, N.Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary, $7.50 per year, in U.S.A. and possessions; $10.00 or £2.10s. per year in all foreign countries. 20c. per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N.Y., under the act of March 3, 1879. Printed in U.S.A. Copyright 1932 by McGraw-Hill Publishing Company, Inc.

The New York Trust Company

IOO BROADWAY

40th St. & Madison Ave. Fifth Ave. & 57th St.

CONDENSED STATEMENT OF CONDITION

At the close of business, September 30, 1932

RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	$61,542,131.38
United States Government Securities	76,624,819.68
Other Bonds and Securities	44,180,425.28
Loans and Bills Purchased	116,824,747.54
Real Estate, Bonds and Mortgages	4,575,851.74
Customers' Liability for Acceptances and Letters of Credit	11,657,826.77
Accrued Interest and Other Resources	2,895,964.29
Liability of Others on Acceptances, etc., Sold with Our Endorsement	5,500.11
	$318,307,266.79

LIABILITIES

Capital	$12,500,000.00	
Surplus	20,000,000.00	
Undivided Profits	2,093,475.97	$34,593,475.97
Reserves:		
For Contingencies		12,500,000.00
For Taxes, Interest, etc.		3,091,871.39
Deposits	227,974,275.88	
Outstanding Checks	27,739,544.50	255,713,820.38
Dividend Payable September 30, 1932		625,000.00
Acceptances and Letters of Credit		11,777,598.94
Acceptances, etc., Sold with Our Endorsement		5,500.11
		$318,307,266.79

Member of the Federal Reserve System and of the New York Clearing House Association

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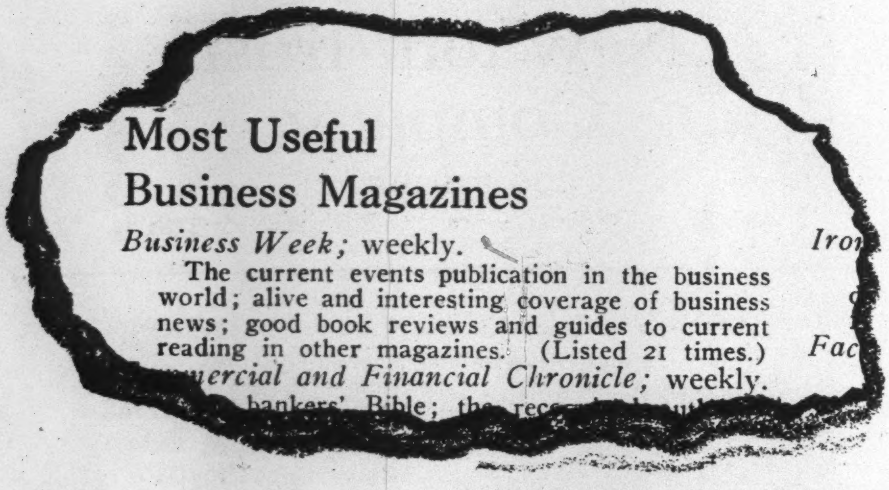

Most Useful Business Magazines

Business Week; weekly.

The current events publication in the business world; alive and interesting coverage of business news; good book reviews and guides to current reading in other magazines. (Listed 21 times.)

ercial and Financial Chronicle; weekly.

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Fac

From THE LIBRARY JOURNAL, Sept. 1, 1932. A list prepared for the 1932 meeting of the Periodical Section of the American Library Association through the vote of twenty-four large libraries. The list is arranged in the order of the number of votes received and *The Business Week* heads the list.

"Most Useful"

At the outset of *The Business Week's* career the the editors set "Usefulness" at the top of their list of objectives. They believed then—and still believe—that acknowledged usefulness is the best possible proof of intense and sustained reader interest.

Now twenty-four large libraries add their confirmation to that of thousands of America's business leaders. None of the 126 publications mentioned received more votes than *The Business Week.* Only the *Commercial and Financial Chronicle* took equal rank.

A useful publication is a great advertising medium.

THE BUSINESS WEEK

This Business Week:

Anti-Trust

Southern soft coal producers, broken by desperate competition between mine and mine, sought a way out, organized Appalachian Coals to sell their product. Other industries with similar problems are watching hopefully, but so far the idea has failed to get through the eye of the Sherman Act. The court, it seems, tipped over the cartel. *(p. 5)*

Washington

The R.F.C., mill of the banking, railroad, construction, export, and agricultural gods grinds slowly, too slowly to suit Washington, which has its ear to the political ground and its eye on the business thermometer. In construction, 3 loans have been authorized in 3 months. The 240 projects (4 million jobs) under consideration are delayed by a mass of detail, and bargaining over interest rates. *(p. 5)*

Utility contributions to charity must have a "direct and intimate relation" to the protection, development, and welfare of the business to be charged to operating expense, says the I.C.C. Utilities (and charities) are taking notice of the precedent established in this decision on the New York Telephone case. *(p. 6)*

Motors

Automobile makers, planning their new models, have new problems this year, must cut their cars to fit the new flatness of the consumer's purse. Competition will be keener, especially in the low-priced field. Wage cuts, low stocks, strong financial positions pave the way for a price war. *(p. 7)*

Marketing

Paris designers and New York stores have joined hands to stop the style thief. This season, authorized reproductions of Paris hats carry a special label protected by the patent and copyright laws and a signed agreement. *(p. 10)*

Hotels and apartment houses may be in receivership and still be good prospects for electrical appliances, oil burners, and other machinery of modernization installed to cut costs and keep tenants. *(p. 9)*

International Harvester broadens its market by going after the small farmers with the Willys truck and a new small tractor. *(p. 8)*

Firestone has devised a super-balloon tire for farm tractors which enables them to get greater traction, move anywhere without harming crops or roads. *(p. 8)*

Cannon Towel's experiment with its own and unknown towels advertised and sold side by side furnishes a clear-cut example of the superior salability of advertised goods. Other evidence disputes the conclusions of the Federal Trade Commission. *(p. 11)*

New Products

DeVilbiss, maker of paint sprayers, has developed an "invisible glove," a vanishing cream for mechanics which enables them to wash off lacquer, paint, grease with plain water. *(p. 11)*

The Anthracite Institute sponsors a new automatic gas-producing machine for industrial plants. *(p. 9)*

Transport

Sugar rate cuts tossed at truck and barge competition by Southern railroads bounced around the whole sugar rate structure, ending up in the I.C.C. with a crash which raises embarrassing questions. *(p. 12)*

Automatic train control, desirable in time of heavy traffic, is not so necessary these days. To save expense, roads that have it are being permitted to suspend it. *(p. 12)*

To combat bus competition between New York and Boston, the New Haven offers a special ticket, good only in certain cars on certain trains. *(p. 12)*

Jobs

Aim of the spread-work campaign is to make jobs in the present emergency, argue about the principle later. Two big companies shortened hours without shortening pay, but generally, labor is expected to share its pay as well as its hours. *(p. 13)*

Insurance

In spite of an understandable shrinkage in group insurance now in force, the average payment under such policies is higher than a year ago, totals $89 millions. *(p. 14)*

Stock insurance companies operating in New York asked higher rates for workmen's compensation, didn't get them, must prove the need. *(p. 16)*

Farm

Unrest in the wheat belt stimulates moves to ease the farmer's burden. But export deals and seed-loan moratoriums just scratch the surface. The real farm problem is financial, not agricultural; this year, it's political as well. *(p. 18)*

Foreign

In the face of the big drop in our manufactured exports, the trade in some raw products increased. *(p. 22)*

Optimism abroad is tempered by uncertainties but still persists. Security markets weaker; Britain lifts bar on new issues. France shows signs of world cooperation. German labor resists further wage cuts. Japan counts cost of expansion. Coffee prices drop with truce in Brazil. *(p. 24)*

Figures

Basic statistics are little changed. Small orders push steel production up slowly. Pig iron gained in August, should show an increase in September. Residential building continues improvement; public works awards reach new highs for the year. Coal, electric power production hold up. Currency circulation, check payments, commercial loans decline. *(p. 28)*

Invested...$3,000 Annual Return...$1,500

A MODERNIZATION survey in the plant of the Alpha Brush Company of Troy, New York, showed that by installing electric drives, power costs could be reduced sixty-seven per cent

General Electric motors and control were installed at a cost of $3,000. Power was purchased from the New York Power and Light Corporation. The result: savings of $1,500 annually on power costs alone, valuable floor space regained, and production capacity increased—that's what modernization has done for this alert manufacturer. In one form or another, the benefits of modernization are evident in every industry.

Electrical modernization is solving many a problem of profits. Why not use the facilities of General Electric to help you plan and execute? General Electric Company, Schenectady, New York.

When you operate obsolete equipment, you pay for modernization without getting it. The right kind of modernization pays for itself.

200-637

GENERAL ELECTRIC

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending October 8, 1932

Only Congress Can Sanction Sales Cartels, Court Decides

Appalachian Coals found violator of Sherman Act; other industries were watching, too

APPALACHIAN COALS, INC., the carefully-planned, elaborate attempt of 137 Southern bituminous coal producers to organize a sales cartel and thus eliminate some of the evils of cut-throat competition, is a violator of the Sherman Anti-Trust Act in the opinion of 3 judges of the U. S. Circuit Court of Appeals, who sat as a special Circuit Court to try the case.

The decision disappoints not only the coal men, but also the leaders of various other industries who hoped this Americanization of the cartel plan could be adapted to their fields. For example, the lumber men, who, like the coal operators, draw upon one of the nation's natural resources, were keenly interested.

Agreeing that the coal industry is in distress and would benefit through organization, conceding also that there appeared no plan to eliminate competitors, and that it would not be a monopoly, Judge John J. Parker, who delivered the opinion, nevertheless found the effect of Appalachian Coals' operation would be to eliminate competition among the members, who have 70% of the capacity of the 8 fields organized. The inevitable effect would be to increase prices, he held. Only Congress, not the courts, can sanction any such arrangement, he said.

But before the operators turn to Congress—over whose pending coal legislation the industry is far from enthusiastic—they will appeal immediately to the U. S. Supreme Court. Indeed, the government went to extraordinary lengths to expedite the case so that it can reach the Supreme Court at the term that opened Monday.

Appalachian Coals, Inc., is a test organization. If it can run the gauntlet of the courts, other districts are expected to adopt the plan, fostered by the National Coal Association. The corporation, owned by 137 operators in West Virginia, Kentucky, and Tennessee, is to act as exclusive selling agent for them, fixing prices and allocating production. It will, if operated, of course stop many of the costly competitive practices born of desperation and now throttling profits.

Contention of William J. Donovan, counsel for the coal men, was that the remaining 30% of producing capacity in these fields and the competition from other fields effectively prevented any attempt to fix unreasonable prices, and that obviously a 70% control was not a monopoly.

John Lord O'Brian, Assistant to the Attorney-General, himself argued the case against his fellow Buffalonian and predecessor in office. He introduced evidence to show that the members of the organization controlled certain markets, selling, for example, 55% to 91% of all the bituminous coal used in Dayton, Springfield, Cincinnati, and Toledo, O., and 33% to 80% of all sold in the Carolinas, Georgia, Kentucky, Tennessee, Virginia, and West Virginia. As to competition from other fields, he produced industrial users to testify that changing from one kind of coal to another of different characteristics was often not practical, and certainly not a simple matter. Cross-examination, however, developed the fact that it could be done.

The Davis-Kelly bill pending in Congress would legalize such combinations as Appalachian Coals, but at a price. The price is supervision of a federal commission and, in effect, compulsory unionization.

R.F.C. Tries Hard to Speed 240 Projects, 4 Million Jobs

Chafes at inevitable delays, but impedes progress itself by dickering over interest rates

ASIDE from various attempts to make farmers feel less discontented during the next month, Administration relief and recovery measures are moving slowly. Washington wants very much to speed up action in the few remaining weeks before election, but encounters inevitable delays and inertia involved in all elaborate efforts.

The R.F.C. is now the focus of activity. It has its hand deeper in the banking situation, in railroad and construction activities, in export trade, and in agricultural matters than any other single agency, even the Federal Reserve. Of the private organizations of business men set up through the system of banking and industrial committees, only the committee on industrial rehabilitation is conspicuously active.

One of these special committees was charged with pushing modernization of houses, hotels, and office buildings. A private corporation called the Rehabilitation Corporation, sponsored by Anaconda Copper, the First Bancredit Corporation of St. Paul, the Crane Co., and the American Brass Co., has been active for 6 months in this field. Otis Elevator, U. S. Rubber, Johns-Manville, Devoe & Raynolds, and Westinghouse are understood to be cooperating, apparently independent of the Administration's committee activities headed by Clarence Woolley of American Radiator and Sewell Avery of Montgomery Ward. This competition in a good cause may prove to be stimulating.

The main job of the R.F.C. currently

is to cope with the flood of applications for loans for self-liquidating construction projects. In 2 months, there have been 243 applications for loans of $800 millions. Total construction expenditure would amount to about $4 billions if these projects were carried out; one million men would be employed directly on the job and 3 millions in associated industries.

Applications are mainly for water works, for which 107 projects calling for loans of nearly $300 millions have been offered to the R.F.C. Other loans sought include 27 bridges, calling for $200 millions; 33 irrigation systems, $100 millions; 4 slum clearance projects, $60 millions; 3 airports, $7 millions; 2 tunnels, $115 millions; a ferry project, $3½ millions.

3 Loans So Far

So far the R.F.C. has granted only 3 construction loans—$40 millions for the Southern California water system, $13 millions for a New Orleans bridge across the Mississippi, and $105,000 for an addition to the municipal power plant of Madison, S. D. The latter is the first loan made to a municipal utility project, but does not set a precedent for federal aid in setting up new municipal power enterprises—something that both the utility interests and government ownership enthusiasts have been waiting anxiously to see or not to see.

The slowness of R.F.C. action on construction projects—3 loans in 3 months—is disturbing all interests, including probably the Administration itself. One obstacle which emerges most often is the question of interest rates on R.F.C. construction loans. This is said to be holding up the new Hudson vehicle tunnel. The R.F.C. has no settled rate policy; apparently thinks it necessary to adjust the rate for each project by negotiations with the borrower and with private investment interests with which it is anxious not to compete too actively, in the hope of encouraging private investment houses to undertake the financing of these projects.

Here's the Rub

This procedure seems to result in rates that appear too high to the borrowers. The government is getting funds for the R.F.C. at the lowest rates on record, so borrowers do not see why it should be so careful about competing with private lenders. The same question arises in connection with agricultural credit corporation loans.

The railroads continue to bother the R.F.C. The Nickel Plate is the largest current worry. It failed Oct. 1 to meet interest and maturity on $20 millions of notes, for which the R.F.C. said it would be willing, on I.C.C. recommendation, to loan 25% if the note holders would be willing to take that much in cash and the remainder in new notes. Holders of only 70% of the required amount of notes have assented and receivership has been applied for.

Prayers for a Pick-up

August net operating income reports indicate some improvement over July, and the Administration is praying that pick-up in business activity may be rapid enough to avoid putting any large additional strain upon R.F.C. resources in preventing further receiverships for the remainder of this year. In 1933, however, railroad maturities will be larger, including fully $187 millions in bonds and $107 millions in equipment obligations, exclusive of bank loans. There is some hope that the Coolidge bondholders' committee may be ready with suggestions for railroad relief upon which Congress may act promptly.

In the meantime, the roads are coming forward for make-work loans on a larger scale. Jersey Central received half a million last week. The New Haven has announced that it will apply for $700,000 for repair of equipment, and the Chicago & North Western for a million dollars, for track work, while the B.&O. finally applied last week for a $3-million work loan. The New York Central is planning to re-employ about 4,000 shopworkers, but without R.F.C. borrowing.

The Power of the Press

As the third month of R.F.C. work ended, the old question of whether or not it is better to know that a bank has borrowed from the R.F.C. came to a head again. In submitting its report of August activities, Chairman Pomerene warned the Clerk of the House that publication of the names of borrowers was dangerous. The July report made trouble for some of them, so that publicity offset the benefit of the loans. Moreover, about $3½ millions of advances authorized since the July report was published were cancelled because of fear of the effect of publicity. Other institutions which needed funds and intended to borrow have been afraid to do so on this account. Clerk Trimble promised to consider the matter further with legal advice. The R.F.C. itself, however, announced that August reflected improvement over July. For the 5 weeks ended July 30, there had been 1,521 applications from financial institutions and loans totaling $346 millions had been made, while for the 5 weeks ended Sept. 3, applications were 1,222 and loans $148 millions.

And the Home

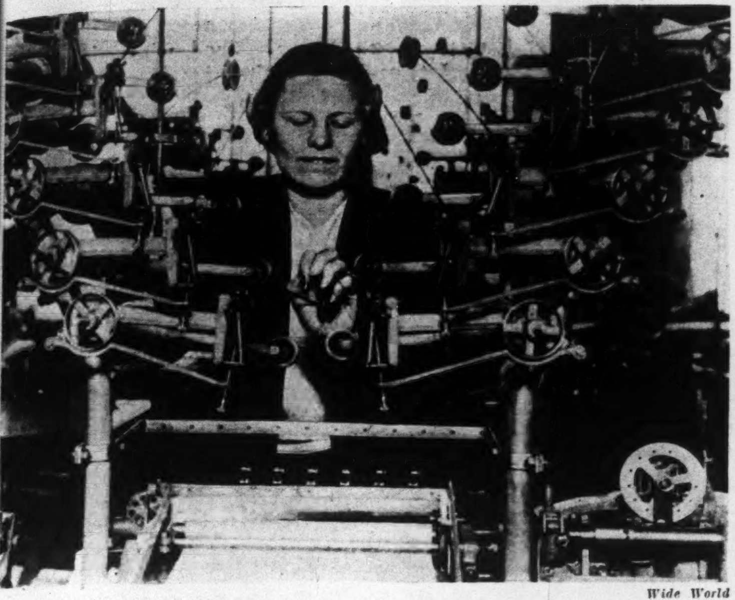
Response to the appeal for stock subscriptions to the Home Loan Banks, which open Oct. 15, was smaller than was hoped for and it now seems that the Treasury will have to subscribe most of the $125 millions authorized by Congress to set up the institutions.

The R.F.C. is trying to promote home construction by assisting several states to draft legislation similar to that in New York which will permit limited dividend corporations to borrow R.F.C. funds for housing projects. Some real estate interests in New York say these two government agencies will be working at cross purposes, because R.F.C. loans for low cost modern housing developments will be competitive with existing housing facilities, will lower real estate values, and cause more trouble to savings banks, insurance companies, building and loan associations, and other mortgage holders or property owners.

Public Utility's Charity Is Not an Operating Expense

ACCORDING to the Interstate Commerce Commission, utility charity chargeable to operating expense begins and ends at home. Only such contributions for charitable, social or community purposes as can be shown to have a direct and intimate relation to the protection of the utility's property, the development of its business, or the welfare of its employees may be so charged.

The commission found no such "direct and intimate relation" in the New York Telephone Company's long-debated $75,000 contribution to New York City's 1931 fund for the jobless which prompted this ruling last week. The telephone bookkeepers had called it an operating expense on the grounds that "in the absence of unemployment relief the general effect of the business depression might have been worse and riots or other disturbances might have injured the company's property." Critics had suggested a deep plot to make



Wide World

PHILCO BUYS BRITISH—*Making American radio sets in an English factory, for distribution in England. Standard Telephones & Cables, Ltd., makes the sets, using American straight-line conveyor production; Philco sells them to patriotic Britishers by using a British label. This English girl is tending a primary winding machine*

charity pad out the case for higher rates. The New York State Public Service Commission had insisted that the amount be set up against surplus, asked Washington to rule.

The I.C.C. said that, levied on the cost of service, it was either a tax on or a forced contribution from the customer; that taxing for unemployment relief was a governmental privilege, contributing for unemployment relief an individual privilege. In ordering that the $75,000 be charged to profit and loss, it announced that it was establishing an important precedent, suggested that all state commissions, utilities, railroads take notice. Relief organizations, fearing the effect on utility support of their efforts (*BW—Jun8'32*), will also take notice.

Detroit's Deceptive Quiet Masks Preparations for Real Warfare

Armed with amazing cash resources, motor car makers are ready for any turn of events

ALL is quiet in Detroit—the deceptive, false calm which precedes the barrage. It is zero hour in the automotive industry; engineers, executives, and designers are in closeted consultation, grappling with the uncertainties of the future, preparing to do battle with the junk and emptiness in the two-car garage, and with each other.

Conditions are ripe for startling developments. The big companies have worked themselves into good cash positions; they are able to move freely and swiftly. Inventories are low; the whole industry has learned caution, and hand-to-mouth production in every company has kept shipments well below sales all summer. To put it the other way 'round, more cars have been sold than made, the gap between the factory and the salesroom has been closed up. A sale in Denver, now, is felt almost instantly in Detroit.

Normally, dealer stocks are lowest at show time. Sept. 1 found them still lower—by 18%, some 39% lower than September a year ago. Thus dealers' floors are cleaned and swept, ready for the new models scheduled for accelerating production for the rest of this year.

Rumors are plentiful, as usual, with special attention to the low-priced field. It is in the bottom bracket that the stiffest competition is due. Dividend and salary cuts have pushed many medium-to-high priced buyers into the lower group, diminishing the chances of mass-production profits in the higher price classes.

General Motors, hitting on all 16 after a thorough overhauling, is ready with more working capital than at the end of 1929, and cash assets 70% larger than it had at the brow of the Big Valley. But one other company (Nash, notoriously economical) closed the first half year with a profit. In sales, G.M. assumes a steadily larger proportion of the industry's total. In 1929, its share was 32.6%; in 1930, 34.4%; in 1931, 43.2% (Ford was out of the market perfecting the 8). The first 7 months of this year found General Motors getting about 45% of what business there was.

A Pruning Period

This period has seen a lot of quiet pruning on the General Motors family tree, with interfering branches trimmed back. The whole line has been gone over to eliminate intra-company competition. Unofficial, but competent, observers see Chevrolet continued a 6, with Pontiac pushed as a straight 8 to compete with the Ford V8.

The strong family resemblance, which made Chevrolet look like a little Cadillac, and vice versa, is to be discontinued, a radical move for G.M. Oldsmobile will be rescued from the price-vise of Pontiac and Buick, made style leader of the line to counteract decisive gains of Mr. Chrysler's snappy DeSoto. Streamlines are due for emphasis. There is talk, not very well founded, of a smaller car than Chevrolet to be sold horizontally like the Plymouth by dealers of all G.M. price classes.

Another Strong Contender

Chrysler, like General Motors, has grown stronger in hard times. Cash assets, June 30 this year, were 40% greater than at the end of 1929; working capital only 8% less. Retail sales increased 100% in the first 7 months of this year. Credit for this record goes to Plymouth and the smart, foreign-looking DeSoto.

Chrysler, too, is doing a little overhauling of the line. Plymouth may perhaps become a 6, with Dodge adding a new very-low priced 4 for the new poor.

Greatest of all question marks is Old Man River Rouge. What Ford is likely to do is something nobody knows. News-hungry correspondents have credited him with dropping the 4 in favor of a 6, but this was denied. What seemed more credible was rumor of a slashing price cut to fit the 4 for the poverty trade, and a continuance of the V8, quietly perfected.

Ford's recent major pay cuts are seen in the trade as preparation for a rousing price war, with Ford taking the offensive. These, with pared production costs and a dollar-conscious market, certainly make such action not at all unlikely.

The industry goes through this whole performance every year. New models always bring a flood of conjectures while they are worked out behind closed doors. This year, those doors are locked tighter than usual. There are special problems which complicate the situation.

First, present prices are based on a far greater production than has materialized. By all rights, the new models should be higher. However, for obvious reasons, present prices must be maintained, or lowered.

The Year for Change?

Second, because they were avoided last year, drastic changes are looked for this year. Reo, Auburn, Graham, for instance, pioneered changes in body lines which have been well received. New model selling talk will stress the economies of operation of streamlined cars at the high speeds to which people are now accustomed. The new cars will have to look new, to stimulate cautious dollars.

The small, plain car for the Model T market seems less and less likely. Hudson's experiment with the Terraplane, a fast, light, but somewhat smaller car, has not met with the instantaneous success it expected. Americans insist on full size, apparently prefer to satisfy the price factor with regulation second-hand cars rather than smaller new ones.

In general, the industry expects little from the remainder of 1932 and will probably get it. Eyes are on 1933, and the increasing number of old cars whose replacement has been delayed 3 years. However, the lesson of caution has been well learned. The industry is not going to pay for another attempt to lead all business into the land of milk and money. Automobiles will follow, not lead, the recovery procession.

Small Farmers Will Have Small Tractors to Fit

HOWEVER forgotten politically, the small-income man is getting a lot of attention industrially. Big companies are turning to the little consumer, automobile makers are fitting their plans to his income. There are so many of him.

The one-horse farmer, too, is coming in for his share. Last month, International Harvester, largest maker of farm machinery, concluded negotiations with Willys for production of a light, cheap truck for farm sale through Harvester outlets. Now comes word of a new small tractor.

The standard "Farmall" tractor rates 15 horsepower, sells in the neighborhood of $725. The new one musters 10 hp., will sell for about $525.

The "Farmall" is the general purpose tractor pioneered by this company. Its high-straddling wheels enable it to do all that a horse can do, except provide the ultimate fertilizer.

International Harvester's move theoretically doubles its market: of the 6 million farms in this country, over half are of less than 100 acres. This lower half is the poorer half, of course, but discounting Negro cotton patches and poor-white rock gardens still leaves a sizeable prospect list of small-acreage holders with big-farm ideas.

Doughnut Tires Enter Farm Field

THE doughnut tire, still uncertain of its welcome in Detroit designing circles, finds a hearty greeting on the farm.

Firestone engineers have pioneered a low-pressure tire for tractors which promises increased uses for the iron Dobbin. Shod with rubber, tractors now limited in range by steel wheels can roll on roads or fields.

The new tire gives greater traction in the field; where needed for heavy going, traction can be stepped up by weights on the wheel hubs. Carrying only 12 pounds of air, the carcass has been stiffened to eliminate wobble.

Tested on the 600-acre Firestone farm, and by implement makers and farmers in several parts of the country, the new tire showed operating economies due to lower fuel consumption and decreased depreciation. The rattle and bang eliminated, tractors don't wear out so quick.

Littmann (Cash and Carry) Brightens 5th Ave. Week

JUST when patrician Fifth Avenue is celebrating Quality Week and the Silver Anniversary of its rise to preeminence as New York's snooty shopping thoroughfare, who should turn up with a new store on the famous street but Morris Littmann, women's apparel, cash-and-carry, wait on yourself, the most plebeian of plebeian types of retail stores. What is more, Fifth avenue shoppers seem to like the idea, if the chime of the cash register proves anything.

The self-service or cafeteria type of

DOUGHNUTS IN THE FIELD—*Firestone's new super-balloon tires for farm tractors extend their usefulness, make possible their use in the field and on the road, provide greater traction, permit operation in orchards and vineyards, eliminate the rattle and bang (see news item, p. 8)* merchandising is nothing new. Many food stores, the 5, 10, 25¢ to $1.00 chain variety stores, many basement department stores practically compel their customers to pick up their purchases, clerks being present only to take the cash and wrap bundles.

Women's dresses, coats, other apparel present difficulties because style, size and fit are important factors. No woman would buy a garment without first trying it on and then inspecting her reflection in a mirror from every possible angle. Self-service cash-and-carry shops for woman's apparel have therefore been rare and have flourished only in shopping centers where extremely low prices were the controlling factor.

Morris Littmann refined the Union Square methods of self-service merchandising so that his shop at the corner of 39th Street and Broadway, on the fringe of New York's theatrical district, made money from the start. The new Littmann's store at Fifth Avenue and 39th Street, just opened, employs the same methods of operation.

All garments are hung in open display racks. A large tag is attached, showing pattern number, size, style, and price. It carries a printed "insurance policy" guaranteeing payment of difference or full refund if the same garment can be bought elsewhere for less money, eliminating all argument as to value or price. Removal of the sealed-on tag voids the right to return.

Reaction of Fifth Avenue shoppers has been extremely favorable. While they are found to be skeptical, critical, exceptionally well posted on values, they nevertheless have bought. Sales per square foot of floor space after but 2 weeks are already up to the average maintained by Littmann's Broadway store. And individual sales average 30% higher.

Anthracite Institute To Sell Gas Machine

Anthracite Institute, cooperative organization of the industry, has entered the field of active merchandising. Through Anthracite Equipment Corp., it will sell a new automatic gas-producing machine for industrial plants. It burns anthracite, of course; it is described as far in advance of the old gas-making machines; average costs of 20¢ a thousand for gas are promised.

The machine was developed jointly by Dover Boiler Works, Dover, N. J., and the Institute's engineering staff. Greatest improvement over early types of coal gas producers is that it is wholly automatic and gives continuous operation. There are no shutdowns for stoking or ash removal. The water seal, with its varying pressures, has been eliminated.

Propane and butane have been making considerable progress in the industrial market, in competition with public utility gas, oil, and even the electric furnace. The anthracite gas-producing machine is advertised as giving the same valuable qualities of perfect control, flexible characteristics, perfect uniformity, freedom from sulphur and carbohydrates.

The list of possible applications is long; its breadth may be suggested by mentioning steel plants, bakeries, potteries. Three sizes are offered, with capacities of 10,000 to 30,000 cu.ft. gas output daily.

As a Landlord, the Receiver May Be a Good Customer

The electrical appliance industry is agreeably surprised to discover that receivers of moribund apartment houses offer a widening field for new business. Reason: installation of better equipment has enabled receivers to lift these properties from the low-rental, tenantless class to a profit basis.

Receivers of boom-built hotels and apartments which neglect has afflicted with galloping obsolescence have found themselves faced with the choice of (1) drastic rent reductions—which would increase operating losses, or (2) modernizing the buildings to compete with similar neighboring properties and thereby attract sufficient tenants for profitable operation. Many chose the latter course with excellent results.

A large apartment hotel in Chicago defaulted interest in January, 1931, when occupancy was 62.03%. Aside from some new furniture and redecorating (says *Electrical World*) receivers installed the following:

93	General Electric refrigerators	$17,744.40
1	" " " (small)	170.00
1	American Radiator vacuum cleaning system	329.11
2	Premier vacuum cleaners	85.00
9	misc. electric appliances	602.60
		$18,931.11

Result: Tenancy increased until in August, 1932, the building was 98.11% rented.

Similarly, a building which had trouble in April, 1931, because it was only 66.95% occupied, installed 180 G-E refrigerators and other appliances costing $36,000. By August, 1932, the property was 79.22% tenanted, at increased rentals.

But firms selling appliances to receivers must watch their steps. It is recommended that all attorneys for interests in the building—complainants, defendants, former owners, first mortgage holders, bondholders, and what have you—be definitely "sold" before the order is filled. Otherwise it may not be legally binding. It is also advised that lease agreements covering the transaction be approved by all interested parties and that title for equipment remain with the seller until full payment has been made.

Oil burner salesmen can convince receivers of unoccupied buildings that elimination of coal and ash handling reduces operating costs. Defaulting hotels have attracted extra patronage by putting in electric fans, cooling or air conditioning equipment.

Government and Business Cooperate on Coal Report

Buyers of coal long ago discerned that the condition of stocks is an important market factor. Coal stocks are held by consumers, statistics are hard to get at. For years the Bureau of Mines has made a quarterly census of them. Seeking a more frequent check, the National Association of Purchasing Agents has collected similar figures monthly from its own members and from non-member industries. Trying out a new experiment in cooperation between government and industries, the 2 agencies have now agreed to coordinate their work in a single monthly statement.

Certain classes of consumers—public utilities, railroads and steel mills—will continue to report direct to the government. Manufacturing industries will be invited to fill out a questionnaire from which the N.A.P.A. will tabulate and total the figures. The Bureau of Mines will verify the results, be the final custodian of the reports. Detailed precautions will be taken to preserve the confidential character of the returns.

Paris Designs New Modes Of Foiling the Style Pirate

And New York has agreed to cooperate, but it all seems futile to the skeptical

HEREAFTER Mme. (or Mlle.) Americaine who buys a Paris-model hat on Fifth Avenue will have some protection against the tragedy of discovering that her cook's millinery, bought in Harlem, bears the label of the same designer. The twin evils of style piracy and label bootlegging are resolutely attacked in an agreement between a quality group in this country and 25 famous French originators. Their purpose is to guarantee that hats sold as Paris models shall be exactly that.

Formerly millinery makers with elastic ethics (what industry is without the like?) could order from calloused Parisians counterfeit labels bearing the names of the grand designers. These spurious trademarks were sewed in linings and trusting American customers accepted the cheap deceits as true children of the Rue de la Paix.

Here's the Scheme

To combat the evil, French producers through their association, La Protection Artistique des Industries Saisonnières, worked out a plan with the Millinery Quality Guild of New York. A label was designed which in the slang of the industry has become the "Pais." Against a standard background variations display the names of such great houses as Agnes, Patou, Descat, Reboux. The labels, identifying authorized reproductions, are made in France, shipped to America, distributed here by the Guild.

Use of the labels is to be grimly restricted. They will be issued only to purchasers of original French models who agree to confine reproductions within price ranges guaranteeing high quality. No hat retailing for less than $10.50 may flaunt the trademark. The campaign was launched recently at a style show in New York. Some 52,000 labels were furnished to retailers, distributors, manufacturers, all of whom covenanted solemnly to keep the faith. The Guild reports orders for 150,000 labels.

Some Legal Backing

All good millinery men hope, and many believe, that the Pais label is the answer to one form of piracy. Back of it stand the patent and copyright laws of the United States. Each variation has been filed separately for individual protection. The Guild declares that within a short time the label will be universally accepted as the class mark for millinery—like the Sterling imprint on silver. Other branches of the style industry are watching the experiment, hoping it will offer weapons against marauders in their fields. One question is: How can unscrupulous milliners be prevented from using the labels in designs not of French origin?

The Skeptics' View

Skeptics are—skeptical. They point out that style—that intangible something so precious to every woman—is the hardest thing in the world to protect. Snoopers with hidden pads and pencils lurk in the background of every showing. Others filch the salient lines of striking models with their eyes and their memories. In flagrant cases the culprit may be dragged into a lawsuit, but by the time unhurried courts have reached a decision, the style certainly is extinct and perhaps the offending firm.

Nevertheless, one sees that The Protection Artistic of the Industries Seasonal has enraged itself to the point of action drastic. During the summer showings in Paris it confiscated in its wrath 30 pirated models, seized 60 sketches from 8 dressmakers, appropriated 11 hats from 3 milliners. Further, it excluded from the showings a number of American, Italian, German milliners reported to be there for no good purpose; withheld admission from nonsigners of its agreement; in other ways tightened picket lines. The French government has entered the fight by furnishing government stamps to all creations registered with the Bureau of Patents and Copyrights.

A Job for Congress

Recurring complaints have brought the whole question of style protection to sharper focus in this country. The next Congress will be asked for design legislation that will remove from French minds some of the irritations against our tariffs. A New York concern specializes in patent protection under the present laws. One commentator suggests hopefully that credit be refused chronic style filchers. Meanwhile, speed and cooperation are being used to beat copyists to the market. On Aug. 30, some 500 original models of the leading Paris dressmakers arrived on the same ship, to give the waiting American manufacturers an even start. By this time the season was so far advanced that it was hoped copyists wouldn't have time to steal the styles from legitimate manufacturers and get them on the market.

Maker Joins Seller In All-American Sale

TAKING a leaf out of Great Britain's "Buy British" campaign, R. H. Macy & Co., New York department store, has just staged an "America First" sale of men's suits, in which the manufacturer of the cloth, American Woolen Co., cooperated.

The sale involved 5,184 suits, made by American workmen in American workshops, from cloth woven in American mills out of wool furnished by American producers from American sheep.

The "America First" slogan was used in special advertising and window display to excellent advantage, the response of actual buyers indicating that the lot will be exhausted far ahead of anticipated schedule.

Busy Rayon Producers Watch Cotton, Not Silk

SHIPMENTS of rayon in September established a new record for all time, reaching possibly 17 million pounds, which is more than the producing capacity of the industry. The difference, of course, was made up from stocks in the hands of producers. Production for September has been estimated at 10 million pounds. For October, it may reach 15 million, partly because not all mills got into full production for the entire month of September, partly because October production is likely to run to heavier sizes.

Forecast as to prices varies. Tubize Chatillon's house publication, *Textile Organon,* offers the interesting suggestion that once a profitable level is reached, producers may not want to advance prices. For a long time, it was estimated roughly that rayon prices should bear a 1 to $2\frac{1}{2}$ ratio to silk. On that basis, silk prices, present and prospective, would permit further rise in rayon.

But, *Textile Organon* points out,

Schreibmaschinen-
Papier-Automat

Keystone

NO POST OFFICE PENS—*This German post office has installed letter-writing booths with coin-operated typewriters and stationery vending machines. A coin frees the typewriter for ten minutes of correspondence*

thinking rayon producers have outgrown the idea that their product is a competitor of silk. In 1931, there was almost twice as much rayon sold as silk. The great increase in consumption is by cotton weavers. Rayon's future, it is argued, is as competitor or complement to cotton.

Consumption of rayon in 1931 was 150 million pounds; of silk, 79 million pounds; of cotton, 2,700 million pounds. In 1922, silk consumption was twice that of rayon; in 1926, the two were about equal in poundage.

Sidelight on the situation—New Bedford mills are complaining loudly because they cannot get deliveries of rayon, which brings to light the fact that the mills still doing business in New Bedford are those which have adapted themselves to cotton-rayon mixtures. People outside the industry have small conception of the tremendous increase in the use of such mixtures, some of them cheap, some of them very beautiful and highly expensive.

Pool Will Try to Raise The Status of the Prune

UNDETERRED by the demise of the Raisin Pool (*BW—Sep7'32*), California embarks on a similar marketing experiment. This one has for its purpose the glorification of that kitchen classic, the prune. The California Prune Pool and United Prune Growers of California, after obtaining the necessary pledges from producers, has opened headquarters in San Francisco. Both orchardists and packers are represented.

Set Opening Prices

This year's crop is estimated at 160,000 tons. Object of the Pool is not to peg the market but to influence it through fixing the cost price of the producers' crop. The United Growers have fixed opening prices at which participating packers may buy.

The values fixed are "far below cost of production," prices "undoubtedly will be advanced." The intent was only to establish quotations at which trading could start.

Declared purposes of the United Prune Growers are: (1) To maintain control of not less than 80% of the crop; (2) to withhold tonnage until actually required by packers; (3) to standardize and improve quality; (4) to boost prune eating through promotion and advertising of the product on a large scale.

The pool begins on a $1-million loan from the Federal Intermediate Credit Bank. Advances will be made against deliveries. This loan is said to be only a starter.

Sales Test Backs Claims For National Brands

ARGUMENT over the relative virtues of private and nationally advertised brands refuses to down. On the side of one product is the powerful pull of lower price, on the other is consumer acceptance which makes selling easier and cheaper. Cannon Mills, famous for its towels, comes to the bat for national brands with results of a sales test in department stores. The branded towels, though loaded with a 10% higher retail price, outsold identical unbranded merchandise 3.6 to 1.

The experiment was on a fair basis. Equal display and newspaper advertising were given the two lots. Colors were the same. Customers were not allowed to buy until the unbranded towel and its lower price were called to their attention. Department stores in New Orleans, Denver, Hartford, New York, St. Paul, Kansas City, Brooklyn conducted the tests, assuring its geographical authenticity. Similar sales in other stores showed a preference for the branded towel at a 4 to 1 ratio.

Also batting for standard brands is Paul S. Willis, head of Associated Grocery Manufacturers of America, an organization of national advertisers and producers. He takes issue with the inferences in the Federal Trade Commission's report on the increase of private brand goods (*BW—Oct5'32*). The advance of private brands to 1929 is admitted, but Mr. Willis contends that price-cuts of standard brands since have reversed the trend. A private brand, says he, must be sold for 20% less to increase in competition with a standard article; at 10% less, sales of the unfamiliar product drop 75%.

Wholesale grocers promoting goods under their own labels disagree with Mr. Willis' stand. They say low incomes since 1929 have emphasized the price advantage of private brands, that such goods have gained from 5% to 10% in volume during the current year.

Invisible Glove Cures "Painter's Hands"

PAINTERS, mechanics, and others who work with lacquer and paint, grease and oil, have long been good customers of the soap companies. For years, members of the dirty-handed trades have resigned themselves to washing up at the end of the day with whatever solvents and abrasives were necessary.

A new product, marketed by De-

Vilbiss (makers of paint sprayers, etc.), solves their problem without solvents, attacks it from the other angle, is called ProTek.

ProTek is a white cream which is rubbed into the skin before the day's work. It forms an "invisible glove" which prevents dirt and liquid from entering the pores; even battery acid and naphtha are turned aside by the thin film, which washes off with water.

In tests, hands covered with ProTek have been washed clean with water after having been dipped in black lacquer, printer's ink, and metallic powders.

New Haven Answers Bus With a Fighting Rate

Unwilling to relinquish low-cost overnight passenger travel between New York and Boston to the motor buses without a determined fight, the New York, New Haven & Hartford R.R. now offers a special $5 rate on that run. It applies only on designated day coaches, attached to trains leaving either city shortly after midnight daily. Tickets are good only on days and in the direction specified and there is no further reduction on round trips, nor can the tickets be used in connection with travel in the Pullman cars, which the same train carries for "regular" passengers.

Railroad passenger traffic between New York and Boston—at $8.26 in the day coaches—has drifted steadily away to the buses. Increasing competition has brought successive cuts from the original $5 rate on the bus trip until now most of the well-managed highway lines quote $3 and some are even taking $2.50.

Executives of the New Haven road believe the special low rate, backed by their arguments as to the safety, comfort, and convenience of railway service, will bring back much of the lost traffic. The first 2 weeks' experience has strengthened that belief. If patronage continues to grow the practice may be extended.

Automatic Train Control Defers to Budget Control

Railroad executives are combing their balance sheets for vulnerable expense items. Applicants now besiege a complacent Interstate Commerce Commission for the discontinuance of automatic train control devices, once hailed as an operating triumph and required on divisions where traffic was dense. Traffic these days is anything but dense, less expensive devices have shown their efficacy, and the I.C.C. is allowing suspensions while requiring other safeguards.

The automatic devices wonderfully controlled the speed of trains, stopped them when collisions threatened. At its peak the experiment protected 11,000 miles of road, cost $40 millions. When the roads flourished, operation which ran to 10% of installation cost was not burdensome. With revenue falling, such things hurt. Maintenance cost on the Delaware & Hudson is $48,600 a year—just about the same as the current deficit.

Northern Pacific and Great Northern have been allowed to discontinue automatic control. Petitions to this end have been filed by Burlington, Missouri Pacific, Texas & New Orleans, Rock Island, Delaware & Hudson. Union Pacific has been allowed to substitute cab signal system on 225 miles of double track line. These cab signals mark a trend toward strengthening the control of the engineer rather than taking it out of his hands. The device checks wayside signals by lights and whistled warnings in the cab. About 3,800 miles of track are so protected.

In 1928 the I.C.C. ceased requiring the installation of automatic train control systems, the roads promising to extend block signals, and to eliminate such hazards as grade crossings, wooden bridges, wooden cars. With the growing popularity of cab signal protection it becomes only a question of whether automatic train control will be continued where it is now in use.

Sugar Rate Cuts Upset The Railroad Hive

Strange and awful is the tangled pattern of the rail rate web whose nerve-fibers reach every industry and community. Recently roads serving New Orleans and other Gulf ports went after sugar tonnage with the bludgeon of a drastic rate reduction. Their targets were truck and barge competition but the blow pulled the entire fabric out of shape, brought a buzz of angry protest from a variety of interests at distant corners. So effective was the outcry that the Interstate Commerce Commission suspended operation of the schedules 24 hours before they were to take effect.

The proposed cuts ranged as high as 50%. They were directed at the haul from the Gulf to the great Mid-West markets. But trunk lines from farther west haul beet sugar here, so do lines out of Michigan. The roaring chorus was swelled by the Eastern trunks which transport Cuban sugar from North Atlantic ports. It was charged that the move endangered the delicately balanced and sensitive rate structure from rival points of origin to Chicago, St. Louis and other central territory cities. Similar arguments were raised by the Port of New York Authority, commercial organizations of Philadelphia and Baltimore. Michigan sugar people, barge lines and other interests registered their sore displeasure. Meanwhile, the carriers outdo each other in assurances that they will be delighted to cooperate.

One barge line witness opined (naively) that the Illinois Central and other Gulf roads were simply trying to attract more tonnage. Barge executives fear that other cuts with a more ferocious battle for traffic will follow. Cotton rates recently were heavily reduced. Opponents of the sugar slash protest that it would mean that the roads would

CE
OLD
ILK
3d PINT
6d
PRESS
AIRY

International New

Iron Milkman—*Londoners can get fresh milk at all hours from slot machines in dairy store doorways. Sixpence produces a pint; threepence back on the bottle* rry freight at a loss. Rail executives tort that they have a right to their n worries on that score.

Meanwhile, Uncle Sam, that eminent ancier of industries, may indulge in little dignified anxiety. The Illinois ntral borrowed $11 millions of F.C. money. Other Southern roads have or will be rationed in proportion. "How," inquire the debtors, "are we going to pay back the R.F.C. and other agencies if we are not allowed to meet competition and get back at least a part of our lost traffic?"

The echo wanders through Washington corridors and dies unanswered.

ork-Spreaders Will Make Jobs ow, Face the Issues Later

ob-sharing campaign is designed to meet n emergency, not to revise labor system

EHIND a barrage of publicity and perasion, the national share-the-work mpaign got under way this week. efore it is over—before winter, if posble—Walter C. Teagle, president of andard Oil of New Jersey, coorditor-in-chief of this movement, hopes report that it has put several million nemployed back to work.

Reduced to its simplest terms the aim this campaign is to persuade emloyers in every industry to work their resent forces fewer hours and make up e production deficit by hiring addional hands and brains from the ranks the jobless. Where forces are still o large the effort will be to substitute cut in hours for one in jobs—partme work for full-time unemployment. hereby its leaders hope to subtract rom misery and perhaps add to purasing power.

The question of who is to pay the eight is left to the individual emloyer. The answer depends on whether and how far he cuts the wages of his working employees to correspond to the reduction in hours and to finance additions to his payroll. Indications are that labor will be expected to share its pay envelope as well as its hours. In explaining the project, Mr. Teagle has used as an example a hypothetical concern which cut its 8 employees from $125 to $112.50 to let in a ninth at a starting rate of $100, holding the monthly payroll at $1,000. In actual work-sharing the 10% cut frequently has accompanied reductions in hours designed to increase the number of jobs.

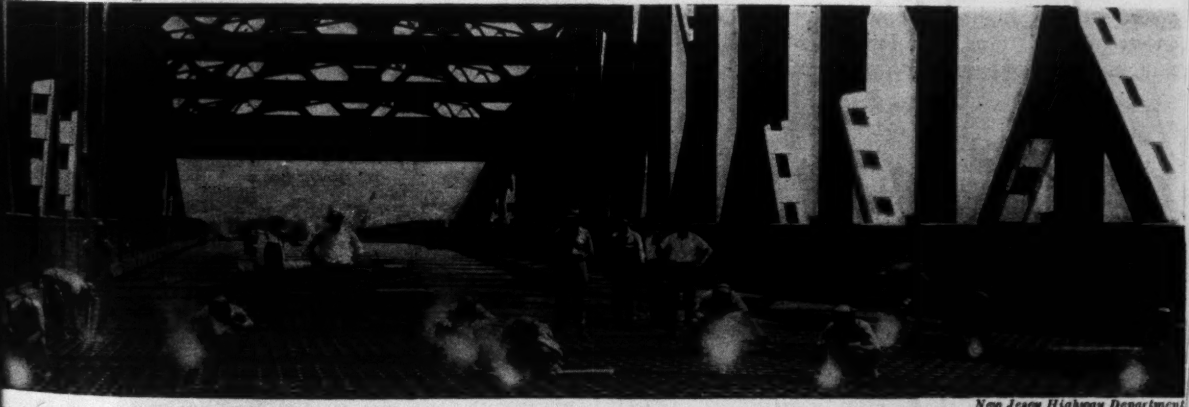
This is a program that raises large issues which, if they can be sunk by both labor and industry in the common emergency, are certain to rise again after the emergency is ended. Labor's demand for shorter hours has never been accompanied by a commitment to lower wages.

Under these circumstances, the campaign gained a particularly auspicious send-off from the announcement that Mr. Teagle's committee associate, Alfred P. Sloan, Jr., president of General Motors, had put more than 10,000 of his New York and Detroit central office workers on a 5-day week (reduced from $5\frac{1}{2}$ days) with no salary reductions. At the same time Frederick H. Ecker, president of Metropolitan Life Insurance Co., signified his support of the movement by indefinitely extending the 5-day week summer working schedule of his 12,076 employees—again without a cut in wages. All this is helping to save jobs.

Practice What They Preach

Other strong supporters of the share-the-work idea are practicing what they preach. Paul W. Litchfield, chairman of the Committee on Working Periods in Industry of the U. S. Chamber of Commerce (which has just recommended the 40-hour week), has ordered a 5-day week for executives and office workers of his Goodyear Tire & Rubber Co., with salary reductions of up to 10%. Plant workers have been on a 6-hour day for over a year. L. C. Walker, president of the Shaw-Walker Co., vice-chairman of Mr. Teagle's committee, has put the 21 branches of his company on a 5-day week basis. Procter & Gamble factory workers will shift to the 5-day week Oct. 10, taking the cut in weekly wages with hourly rates unchanged. Colonel Procter is now studying plans for putting his office staffs on the same schedule.

J. H. Rand, Jr., chairman of Remington-Rand, announcing that he was increasing factory payrolls 50%, urged other manufacturers to "boost their employment and payrolls for at least 60 days . . . to build up new inventories of finished goods, with the knowledge that



New Jesey Highway Department

TEEL SEWING—*Ten welders work side by side on the 3-mile viaduct which will soon enable New Yorkers to leap he New Jersey meadows on their way to the seashore and the South. These welders are on one of the high-level ridges, electrically stitching the reinforcing mats to the bridge beams and stringers ready for paving* their own sales will respond to such a nation-wide increase in buying power."

Meanwhile, campaign heads have been studying industrial statistics to find out where their labors are most likely to bring results, where the possibilities of work-spreading are largest. Helpful information on progress made to date in adoption of the shorter work-week has just been compiled by the National Industrial Conference Board. From a survey covering 1,503 manufacturing establishments, it finds that 114 are now on 5-day week schedules. Of these, 25 had made the cut before the depression. Of the other 89 concerns, 47% expect to continue it after the recovery, another 20% thought it was permanent, about 30% saw the curtailment as purely an emergency measure. Two were definitely dissatisfied with the change. The Conference Board notes that the wage-cut issue "will inevitably become vital."

Best Figures Available

Probably the most complete figures on work-sharing to date are those assembled by William J. Barrett of the President's Organization on Unemployment Relief, "loaned" to that body by the Policyholders' Service Bureau of the Metropolitan Life Insurance Co. Published in the September *Labor Review* of the U. S. Department of Labor and used extensively in the exhaustive report on working periods in industry by the U. S. Chamber of Commerce, they are based on reports compiled last March. However, what they show as to the possibility for work-spreading in specific industries is believed still to hold good in many cases.

Mr. Barrett found that among 6,551 companies reporting, 28.1% were on 88% or more of full time, that 56.1% of the workers in these companies were on part-time. Industrial groups which showed notably higher percentages of concerns on full time, and lower percentages of workers on part-time were:

Industry	*% Workers on Part Time*	*% Companies on 88% or More of Full Time*
Food	26.6	42
Chemicals	45.1	53.2
Textiles	50.1	36.5
Tobacco	35.2	44.1
Electric Railways	4.0	66.7
Retail and Wholesale	31.2	40.8
Commercial	20.4	70.3
Paper	51.2	38.1
Public Utilities	55.3	39.1

In all these groups the percentage of full time being worked by part-time workers was well above that for the 6,551 companies as a whole—58.7%—and their showing contrasts strongly with that of the machinery group with only 13.5% of its reporting concerns on 88% or more of full time, with work spread so that 84.9% of its employees are on part-time schedules.

Covering methods of spreading or increasing employment used by the 4,926 companies which reported use of one or more such methods, Mr. Barrett found that 3,857 had reduced days per week; 2,336 had reduced hours per day; 380 had gone to shorter shifts in continuous operation; 1,338 to alternating shifts or individuals; 1,170 to rotation of days off. All these devices are of interest to those who are backing the current drive.

Textile Heads Speak Out For Higher Wages

TEXTILE men are looking the realities of their industry in the eye, attacking its problems with a directness lacking in easier times. Most important are wages, working hours, overproduction. At the Boston convention of the National Association of Cotton Manufacturers, Irving Southworth, retiring president, dragged these questions into the open. He declared that present wag scales are too low to benefit worker, employer, or buyer and urged a 48-hou week for the entire industry. Spindles now in place operating on that scale could more than supply normal demand. Even a 44-hour week might be possible. In denouncing present wages he proposed a minimum, sectionally adjusted, below which no mill could cut.

Ernest N. Hood, new president o the association, backed his predecesso by declaring present wages too low. He knew many company treasurers who reduced scales reluctantly after cut-throat competition forced the move. He urged budgeting production to prevent overleaping of consumption, suggesting that a committee work out details with the National Retail Dr Goods Association.

Dr. Melvin T. Copeland, professor o marketing, Harvard University, surprised many by opposing proposed legislation that would allow price agreements among cotton mills. The concession would inevitably include govern ment supervision, an entering wedge fo government control. His chief reason however, was the conviction that th industry had learned how to administe its own affairs.

Bank's Local Advisors Aid Branch Operations

MANUFACTURERS TRUST CO., New York, is experimenting with a new device which promises to overcome many difficulties of branch banking. Each office of this bank is to have an advisory board made up of business leaders in that locality. On matters affecting this particular office, duties of its board members are almost the same as those of bank directors. Here is a definite hookup that makes the branch office a part of the neighborhood's business life; which answers any local suspicion that only the main office is important.

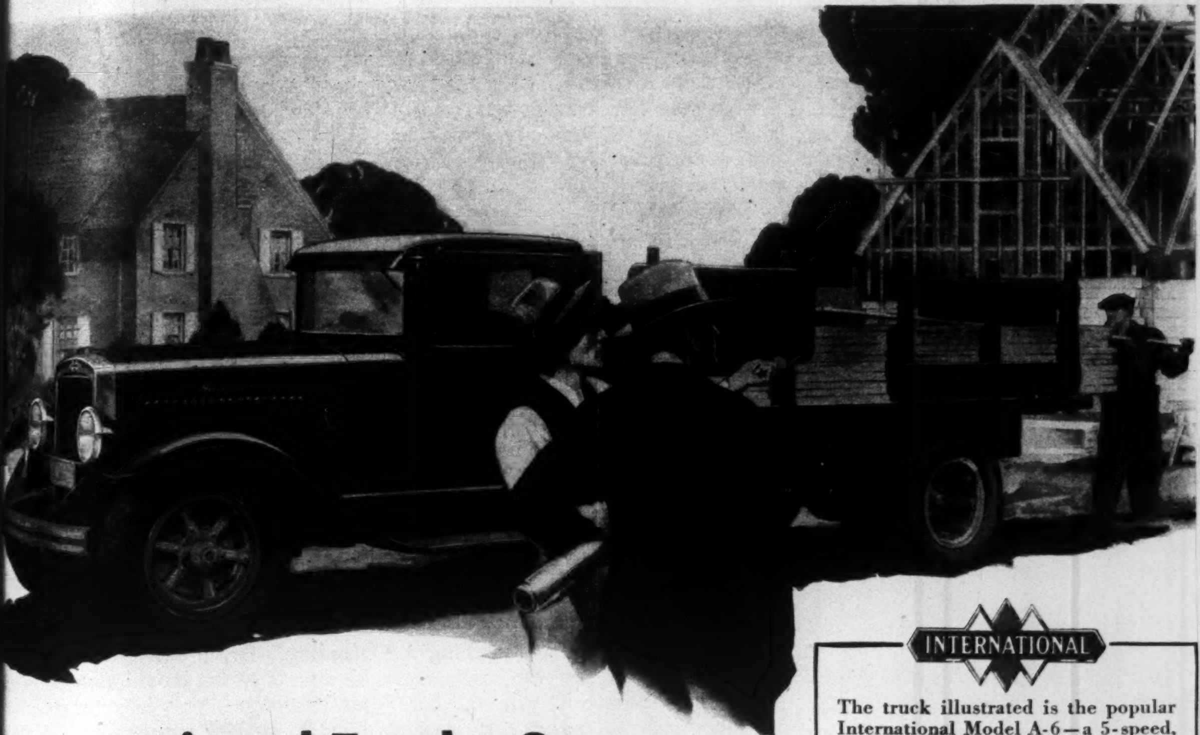
Through familiarity with their district, members of the advisory board supply direct advice and information obtainable in no other way. Meetings are held regularly, are scheduled for an hour but often last longer. Discussions include such general themes as economic conditions, such personal ones as risks on specific loans. The boards are a result of the bank's determination to make each office a complete organization, geared to the peculiar needs of its locale. Benefits are various. On ad vice of the boards the bank has bee able to adjust its policies to fit com munities; local pride is strenghtene with a resulting uplift in busines morale; direct interest of customers i their bank has promoted its business.

The boards were devised by Harve D. Gibson, president of Manufacture Trust. John T. Madden, vice-presiden directs the formation of the boards. H is also general chairman of all loca groups, is kept pretty busy attending ad visory board meetings in different par of the town.

Group Insurance Payment Are Set at $89 Millions

ADD to new consumer purchasing powe in 1932 the sum of $89 millions paid t 51,000 families among those now pro tected by group life insurance polici totaling nearly $10 billions and cover ing 5.6 millions employees in 32,00

BUILD NOW—at Lower Costs!



INTERNATIONAL

The truck illustrated is the popular International Model A-6—a 5-speed, 6-cylinder, 3-ton job with stake body. The International Line is complete, with fast, light trucks for pick-up work, speed models, heavy-duty models, and trucks especially built for dump-truck work and semi-trailer service. Sizes range from ¾-ton to 7½-ton, and any chassis or body requirement can be met exactly.

New low prices prevail on the entire line. The 1½-ton, 4-speed Model A-2, for instance, has been reduced to

$615

for 136-inch wheelbase chassis f. o. b. factory (taxes extra)

International Company-owned branches at 188 points, and dealers everywhere.

International Trucks Save Money for Contractors, Builders, Dealers and You!

NOW'S the time to build that home you've wanted! Costs are down—*way* down. Since the peak period of 1926-28, they have dropped 25% to 40%. A house that would have cost around twelve thousand dollars five years ago can now be yours for less than eight thousand.

The present better housing movement endorsed by our Government and President has the practical backing of the entire building industry. Contractors, builders and dealers alike are now offering you economies unheard of since before the war.

Economy—rigid economy—is the need which has put International Trucks into the foreground of the building picture! Builders who never used to keep account of equipment costs now watch every maintenance and operation penny. And this present-day need for low-cost trucking is finding its answer in International Trucks and Service for building material and lumber dealers, and for builders and contractors in every type of work.

Learn what International Trucks have done for other industries—and what they can do for you in yours. Whatever your business—its size or nature—you will find that there is an International to cut your costs.

There is only one way to estimate accurately the value of an International, or to judge the economies it will effect for you—pick out the model you want and put it to your test, *right on your own job.* Arrange this demonstration with an International branch or dealer. Write us for information.

INTERNATIONAL HARVESTER COMPANY OF AMERICA (INCORPORATED)
606 S. Michigan Ave. Chicago, Ill.

INTERNATIONAL TRUCKS

American industrial establishments. This is less than was provided in 1931, since there has been a depression shrinkage in the amount of group insurance in force, but the average payment of $1,700 is larger than a year ago. Figures are computed by B. A. Page, vice-president of the Travelers Insurance Co., from an analysis of the experience of all companies writing group policies.

This analysis shows that of the total benefits nearly $61 millions will be paid as a result of the death of 34,800 employees by disease; $10 millions on the death of 5,700 by accident; more than $18 millions to 10,500 workers with permanent disabilities.

Insurance companies are somewhat worried by their experience with the permanent total disability clauses which have been written into group insurance since its start. Whereas reports to the U. S. Bureau of Labor Statistics show that the ratio of actual to expected deaths increased from 92% to 96% between 1926 and 1931, the ratio of actual to expected permanent total disability claims under group life contracts leaped from 90% to 158%.

This increase is attributed partly to liberal interpretations of disability clauses by the insurance companies, partly to difficulties met in contesting doubtful claims. Since the growing tendency to adopt group plans which call for employees' contributions has been accompanied by a rise in disability coverage, the insurance companies have been giving some thought to restricting these benefits.

Compensation Insurance Must Prove Its Case

THOSE stock insurance companies operating in New York that expected Oct. 1 to bring relief in the form of a 9.2% increase in workmen's compensation rates were chagrined to find their case unconvincing to the state insurance department. The need for the increase was predicated upon the rising trend of medical costs and the decline in premium income based upon shrinking payrolls without a corresponding reduction in risks (*BW—Sep21'32*).

Before committing himself on the reasonableness of the proposed increase, Commissioner Van Schaick requested the companies to file replies to a searching questionnaire covering an explanation for rising costs and efforts made to reduce them, and a summary of the procedure involved in medical cases that might uncover unsound practices or the lack of proper diligence in effecting economies. The replies are due by Oct. 18, and the decision should follow in short order. Because of the industrial importance of New York State, it will exert considerable influence on action in other states.

When the last increase was granted in August, 1931, insurance companies were notified that the rise based on the emergency growing out of reduced payrolls was strictly a temporary matter and that every economy was to be practiced so that the emergency factor might be eliminated. The records indicate that expense ratios increased to 45½% in 1931, while rates are based on a 40% loading. Premiums fell $24½ millions in the past year, while expenses declined only $8 millions. The conclusion drawn suggests that further economies are in order.

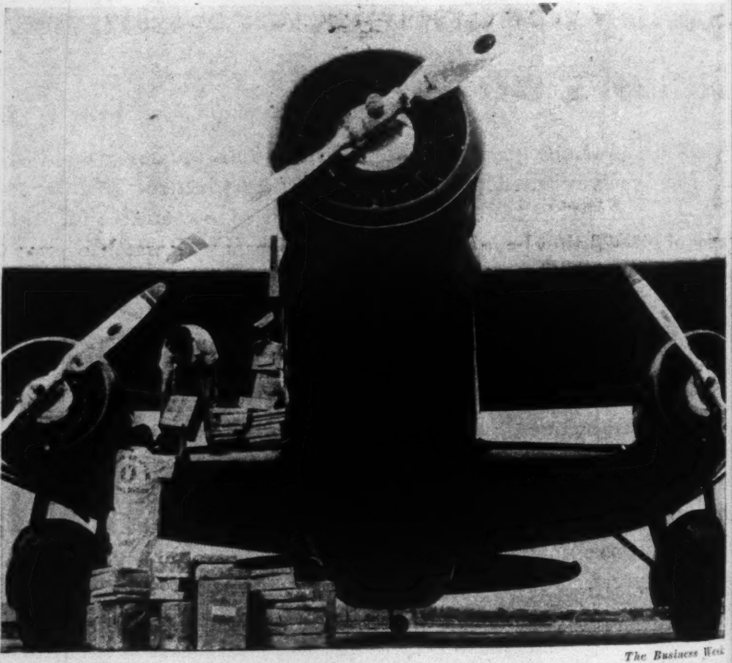
Insurance companies assume that the upward trend in medical costs apparent from 1926 through 1930 will continue to 1933. This assumption is questioned by the Insurance Department. Moreover, it wonders whether rising costs may not be due to mishandling of medical treatment by the companies. The questionnaire will give the latter an opportunity to answer such doubts.

Credit Bureau Becomes Debtors' Clearing House

THE regulation credit bureau attempts to prevent merchants from over-extending themselves on bad risks. In Memphis the local Retail Credit Association has gone a step farther. It has established the Retail Adjustment Bureau as a central clearing house for distressed debtors.

Here's how it works. A man who has run up debts during unemployment finally finds a job. The news gets about and presently he is harassed by collectors from different merchants who vie with each other in pressing for payment. The Memphis Adjustment Bureau relieves the debtor of this irritation. It furnishes one central agency for payment and collection. The debtor is aided in budgeting his income so that he can make periodical remittances to the bureau, which will prorate them to various creditors.

Thus the worker is free from collectors and garnishments, can devote all his time to rehabilitating his credit standing. If the debtor is unemployed he reports to the bureau any change in his condition. This information is relayed to creditor merchants.



The Business Week

NEW ENGLAND EXPRESS—*One of the 10 new Stinson tri-motors put on the New York-Hartford-Providence-Boston run by American Airways. Each carries 10 passengers, can take 44 cubic feet of mail and express in its stub-wing compartments. Equipment includes 2-way radio telephone. The 3 Lycoming engines develop 240 hp. each, compared with 215 hp. on the old ships, have reduced flying time considerably between these cities*

Wide Reading

Relief From **Farm Relief.** Dr. Alvin hnson. *Yale Review,* Autumn. A plan to ke farmers in this country self-supporting d independent. Outline of a great co- erative scheme. Castle Haines in North rolina is an example.

Have Americans Lost Their Nerve? ilbert Seldes. *Scribner's,* September. "It y be an illusion for us to seek prosperity hen the truth is that prosperity, of the 1932 odel, is already here, and all we have to is get used to it."

Relief Act Encourages Revision In aterworks Policy. Malcolm E. Pirnie. *ngineering News-Record,* Sept. 22. Self- quidating requirements will stimulate a ange in the method of supporting many blic services. Tax rolls will be relieved numerous items, and individuals benefiting ill pay the costs directly in tolls and service arges.

The Check Tax. *American Bankers As- ciation Journal,* September. What bankers ink of it; the customer's attitude; first fects; cost of administration.

Ireland Challenges the Empire. H. N. ailsford. *Vanity Fair,* September. Analysis the petty, but disconcerting, issues that ve arisen between Great Britain and eland.

Speculation: What to Do About It. illiam Z. Ripley. *Scribners,* October. Gov- nment imposed legislation is necessary to andardize systems of corporate accounts hich will force out speculation which feeds mystery and secrecy.

Has the Depression Missed Russia? illiam C. White. *North American Review,* eptember. Some indications that it has not, espite the popular belief to the contrary.

BOOKS

The Federal Trade Commission. homas C. Blaisdell, Jr. Columbia Univer- ity Press, 323 pp., $3. What it has tried to o; where it has failed; what it has accom- lished; how its power is curbed.

A Picture of World Economic Con- itions at the Beginning of 1932. Na- onal Industrial Conference Board, 287 pp., 3. General survey of the economic situa- on in leading countries of the world, in- luding a discussion of the more important easures adopted by these countries to com- at the depression. Includes observations of rominent foreign business and professional uthorities on problems in their respective ountries.

Mineral Economics. Edited by F. G. Tryon and E. C. Eckel. McGraw-Hill, 311 p., $2.50. Recent, authentic information on he world's mineral resources; costs and ethods of production.

Mundy's Earning Power of Railroads, 932. Jas. H. Oliphant & Co., New York, 27 pp. Twenty-seventh issue of a standard andbook of railroad securities information.

Capitalism, Cooperation, Communism. ndrew J. Kress. Ransdell, 141 pp., $2. he community of consumers has been re- arded as the free and open field where veryone might hunt and take from the ublic all that he could get. Wealth is too uch concentrated. Cooperation, not com- unism, is the way to correct the system.

Out of **Bell telephone making**

"NO MORE ASKING PEOPLE TO REPEAT"
"I HEAR EVERYTHING NOW AT A CONFERENCE"
"HELPS ME MAKE MORE SALES"
"NOW I GET MY INSTRUCTIONS STRAIGHT"

...comes this **better hearing aid**

A *really* effective aid for the hard of hearing that enables you to catch every word! The efficiency of this new Western Electric Audiphone is vouched for by the name Western Electric — which for half a century has stood for leadership in sound. Neat, compact and light in weight, the Audiphone is as inconspicuous as eye glasses. It is made in several convenient types. ℭ To appreciate how great an advance this Hearing Aid marks, you must *hear the difference!* Write the distributors — Graybar Electric Co., Graybar Building, New York — for interesting booklet, and name of your nearest dealer for a demonstration.

Western Electric
·HEARING AID·

Politics and Mortgages Roughen The Road to Farm Relief

And the Administration, moving in several directions at once, finds trouble all along the line

EVIDENCES of farm unrest in the MidWest, outbreaks of farmers' strikes in other sections, and threats of a farmers' march on Washington to demand a debt and tax moratorium, moved the Administration to several lines of action on the agricultural front last week. The activities of the Democratic candidate in this sector may have stimulated the Administration moves, for they were mainly concentrated on the North and Middle West wheat areas.

Wheat for China

Plans for shipping 15 million bushels of wheat, in grain or flour, to China have not yet been completed but are being considered. The idea is that this much wheat taken off the American market and disposed of where there would ordinarily not be wheat buyers will raise the Chicago price promptly, though how such a small quantity would have any important effect on quotations is not clear.

Last year a similar deal was made with China by the Farm Board, the latter taking Chinese notes, and China using the wheat, instead of money, to pay laborers in reconstructing the flood area in the Yangtse valley. This time the plan is also to take Chinese notes, with China using the wheat to pay laborers for road construction. The question is whether the R.F.C. has the authority to finance exports this way and without the loan's being underwritten by some domestic corporation. It has therefore been trying to persuade the Farmers' National Grain Corporation to sign the Chinese notes, but the Farmers' National says it hasn't enough resources to take the risk.

Corn for Europe

The export idea as a price-raising measure has appeared so attractive that the R.F.C. and the Chicago Board of Trade have been discussing the possibility of financing large-scale shipments of corn to Europe, where it is said they can use it to feed cattle if we can't. It is expected that there would be no danger of anti-dumping regulations against imports of that kind.

All this line of action is still in the wishful thinking stage. The farm debt and credit difficulties behind the agrarian revolt in Iowa and the Middle West (*BW—Sep7'32*) demanded more immediate action, in face of a Democratic candidate promising prompt relief when elected. The President authorized Secretary Hyde to declare a moratorium on 75% of the amount of seed and feed loans made by the federal government to wheat and other grain producers, pending further action by Congress in December. Total amount of these loans outstanding is about $108 millions. Most of them were made to farmers in Southern states, and chiefly on tobacco and cotton.

Quick-Change Act

This farm moratorium is remarkable for 2 things. First it followed by a few days an order from Secretary Hyde (or was it Jekyll?) practically attaching the crop of delinquent borrowers by requiring purchasers to pay off the government loan before giving the farmer any money. This drastic, and somewhat fantastic, measure was probably abolished or at least forgotten by the moratorium. Secondly, as Senator Smith (Dem. S. C.) promptly indicated, the Southern cotton and tobacco growers, mostly Democratic, were probably as much interested in moratoria as Middle Western wheat growers, hypothetically Republican.

The oversight was partially corrected by a presidential Secretary who said that cotton and tobacco growers needn't pay either if they could show that they were as hard up as Western wheat growers, and the oversight was unofficially defended on the ground that cotton and tobacco prices had risen while wheat prices hadn't.

More significant as a symptom, but less important in a practical way, was the hurried meeting called by Henry M. Robinson, head of the banking and industrial committees of the Reserve districts, in Chicago last week, bringing together the B & I committees of the Middle West, representatives of insurance companies, land banks, and of the R.F.C. to suggest something to do about the farm mortgage debt problem.

The real burden of farm mortgage indebtedness has doubled since 1929 by the 50% decline in farm prices and is prompting desperate outbreaks of farmer agitation in many sections. The epidemic of apparently successful milk producers' strikes, extending from the Middle West to Atlanta and the New York City area, has led to far-reaching projects for organized farm protest against prevailing price levels. Where they are not successful in forcing higher prices, they are taking the form of organized sabotage against foreclosures or tax sales and demands for writing down mortgage interest rates through government refunding schemes.

Job for Congress

Action on the Frazier or similar bills for federal refunding of farm mortgages in next Congress seems certain. Both candidates have promised "something along this line" but are probably not prepared to let Congress refinance the $9.2 billions of farm mortgage debt which now carries an average interest rate of 6.3% and involves a fixed annual charge of $568 millions, equivalent in 1931 to the product of 24 million acres of farm land. Moreover 42% of all farms were mortgaged in 1930 as against 37.2% in 1920, and of the mortgaged farms 37% were indebted for more than half of their value.

The Chicago conference said that, of course, no moratorium on farm mortgages would be conceivable. This must amuse farmers in some sections of the most distressed area where for months no one has dared bid in farm property at foreclosure or tax sale in the midst of crowds of formidable local folks. The Chicago conferees could do no more than promise that mortgage-holding institutions would try to be as easy as possible, without saying specifically how easy possible will be, and the R.F.C. renewed its pledge to support lending institutions in the hope that they, in turn, would go easy on the farmer.

Overloading the Banks

The fact is that repossessions of farm property have ceased to be of any use in most sections since there are few buyers even at the mortgage, so that insolvent farm debtors are quite generally being allowed to continue. Receivership of the Chicago Joint Stock Land Bank last week indicates both that the delinquencies are in some cases becoming too large to be borne by the lending institution and too serious even for the R.F.C. to try to support.

Meanwhile, the Administration seems to be running into more farm trouble through R.F.C. policies in operating the agricultural credit corporations provided for in the Relief Act. Establishment of these government farm banks has been rushed to help livestock interests, and 10 of the 12 regional corporations are in operation with branches in 23 cities. Borrowers are complaining about the 7% rate charged, saying it was set to avoid competition with commercial banks and that the excuse that it includes all fees and extra charges is specious because other R.F.C. loans to banks, railroads, and what not at rates ranging downward from 6% to 3% also include such extras.

More serious is the resentment of wheat farmers and others not raising livestock in the Southwest at the fact that these credit corporations are confining their relief loans to livestock interests. Winter wheat growers in Kansas and Oklahoma, hard hit by crop failure and low prices, are unable to buy or secure credit for seed for fall planting. Government seed loans are not forthcoming and local bank credit for seed is scarce.

It thus seems likely that when Congress meets in December demands for more federal farm credit facilities, for current crop purposes as well as long-term financing, will be forthcoming, in spite of all the provisions made in recent years both for seed and feed loans, for co-op loans through the Farm Board, for larger Federal Land Bank resources, for agricultural credit corporations. This prospect prompted Thomas C. Hennings, vice-president of Mercantile-Commerce Bank of St. Louis, at the A.B.A. meeting this week to say that the more credit the farmer has been given by government the worse off he has become.

Name Changes Trace City Transit History

History of an industry, told in brief: American Street Railway Association, organized 50 years ago. Changed its name to Street and Interurban Railway Association. Soon thereafter became the American Electric Railway Association. Last week, at its annual convention in Chicago, became the American Transit Association.

The change gives formal recognition to the fact that a steadily growing proportion of the membership is interested in the operation of buses, trolley buses, and taxi services, and not exclusively in trolley cars. Recognizing the trend, *Electric Railway Journal* some time ago became *Transit Journal*.

City transit lines carry 40 millions of passengers daily; the industry ranks eighth in the amount of capital invested.

Pensions for Employees

■ ■ ■

Every twelve months your employees move one year closer to the problem of old age.

Each year's delay in starting your pension plan will make the problem harder for you and for them.

Let us show you how an insurance company can help in pension matters.

You may find it easy to start that plan you have always desired.

THE PRUDENTIAL
INSURANCE COMPANY OF AMERICA
EDWARD D. DUFFIELD, President
HOME OFFICE, NEWARK, N. J.

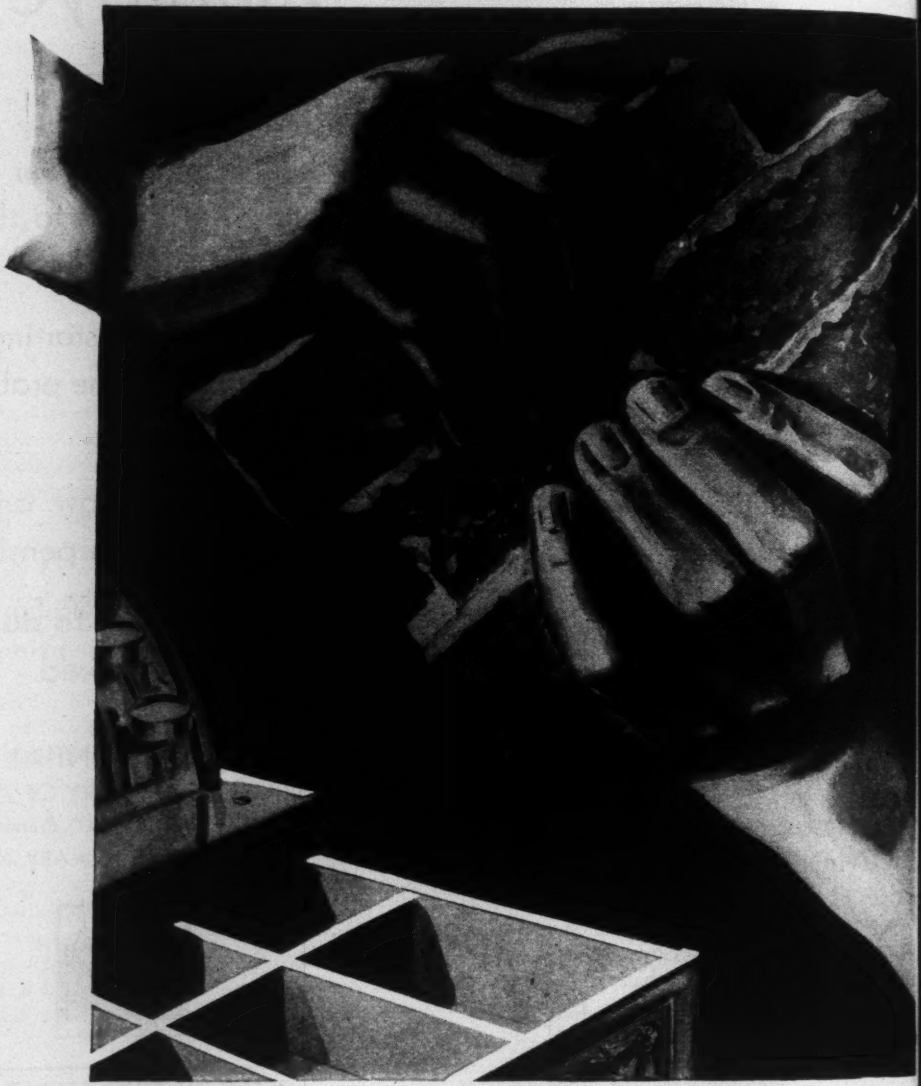
THE PRUDENTIAL HAS THE STRENGTH OF GIBRALTAR
FOUNDED BY JOHN F. DRYDEN

HAND TO YOUR SECRETARY

Please write on my letterhead to Group Pension Department, The Prudential Insurance Company, Newark, N. J. Ask them to send a copy of "A Little Book about Pensions."

YOU CAN'T . . .

squeeze profits out



McGRAW-HILL

New York · Boston · Philadelphia · Washington · Greenville

Business men, industrialists and engineers regularly read the McGraw-Hill Publications. More than 3,000,000 use McGraw-Hill books and magazines in their business.

Radio Retailing	Electrical World Electrical Merchandising Electrical West
Food Industries	
Chemical & Metallurgical Engineering	Electronics

# of bricks and mortar, alone

Here's a man who hits the nail squarely on the head

Despite what accountants say, Colgate-Palmolive-Peet advertising expenditures are more truly a capital asset than e very bricks in the Colgate plant in Jersey City. Plants can be bought for a song, but the reputation of the roduct, created largely by advertising, *is the business,"* says Fritz Frank, President, United Business Publishers, Inc.*

he directors of Colgate - Palmolive - Peet ealized this when they decided recently to educe the common dividend rather than to educe advertising. They know you can ever squeeze profits out of bricks and ortar alone.

s Mr. Frank put it: "Money pinched from dvertising and selling appropriations is not noney saved . . . it is a matter of borrowing, at a usurious interest rate, on future arnings."

We'll grant you that in this problem, nany a manufacturer finds himself between he devil and the eep blue sea.

He wants to keep a trong cash position. Yet he knows that imply keeping his noney in the bank won't keep his product really in the market. And if he suspends for long his normal selling and advertising activities, he can never recapture his former markets except at terrific cost. What then is he to do?

There is a way out of the dilemma—and a simple one. Yes, it involves the use of advertising—and payment for it, too, by using *only the interest on your present cash reserve.* As the table below shows, you can do a thorough, consistent printed sales-job *without touching the principal of your cash reserve.*

Ask a McGraw-Hill representative to show you how much advertising you can buy with a little money when you buy waste-free circulation. The most costly thing about advertising is the failure to use it.

If you want to reach and sell	*You can do a consistent sales-job in their favorite magazine, on an "Interest Fund" of*
Machine tool users	Less than $4,000 (26 full pages)
The engineering-construction field	Less than $10,000 (64 pages in the two leading publications)
The food industries	Less than $2,500 (12 full pages)
America's business and industrial leaders	Less than $37,000 (52 full pages) or Less than $10,000 (13 full pages)
'most any other business or industry	A sum just as modest as those above

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From an article by Mr. Frank in Advertising and Selling of August 18th, 1932.

PUBLISHING COMPANY, Inc.

Cleveland · Detroit · Chicago · St. Louis · San Francisco · Los Angeles · London

American Machinist
Product Engineering

Engineering News-Record
Construction Methods

Engineering and Mining Journal
(*Domestic and Export Editions*)

Metal and Mineral Markets
Coal Age

Transit Journal
Bus Transportation
Aviation

Textile World

Factory and Industrial Management
Maintenance Engineering
Power

The Business Week
Management Methods

How to
Cut Expenses
yet
INCREASE
SALES

Increasing
Your Sales
through the use of
AWA
Merchandise
Warehouses

The A. W. A.
Presents a New Plan
in this FREE BOOKLET
●
Write for your Copy!
●

THE smart sales manager, in these trying times, is directing his efforts toward two objectives:

1—**Getting all the business he can from immediate territories served by his sales force.**
2—**Going after business in the few "bright spots" on the business map—many of which are far-removed from the home factory.**

Direction of sales activities nowadays must be tempered with caution . . . or mounting overhead will wipe out all possibility of profit! Alert executives are finding common-sense information and inspiration in a booklet published by our Association—a booklet entitled: "Increasing Your Sales Through the Use of A. W. A. Merchandise Warehouses."

This booklet, now in its third edition, tells how to gain regional or national distribution for your product at minimum cost . . . how to reduce branch house overhead by using our warehouses as your *own* branch distributing points . . . how to place spot stocks of your merchandise in the cities where your goods can be most readily and profitably sold.

No matter what you make or market, write today for your free copy of the A. W. A. Booklet. It will be a helpful guide to constructive business thinking in this year 1932!

YOUR INTEGRITY OUR SECURITY

AMERICAN
WAREHOUSEMEN'S
ASSOCIATION
2033 Adams-Franklin Bldg., Chicago, Ill.

Experts Find Bright Spots In the Foreign Trade Figures

EXPORTERS have found some encouraging news about themselves. Among 95 important export items, 24 registered a gain in volume in the first 6 months of this year. Four—refined copper, cotton, coal, drugs—showed an important gain in value.

The commodities which sold abroad in larger volume covered a fairly wide range, but were predominantly raw materials, or semi-manufactured products. They included unmanufactured cotton, cotton cloth, crude petroleum, wheat, corn, kafir, rice, apples, oil cake and meal, oilseeds, refined sugar, sulphur, rosin, turpentine, wood pulp, overissue and old newspapers, reclaimed, scrap and old rubber, iron and steel scrap, coal-tar pitch, carbon black, safety-razor blades, radio tubes, sensitized unexposed motion picture films, and sewing machines.

The Big Three

The extraordinarily large shipments of cotton, wheat, and crude petroleum were the features of the outgoing business. Not only were these important commodities exported in far larger quantities than in the same half of 1931, but they exceeded the 5-year averages by considerable margins. The average export prices of cotton and wheat were the lowest in this country; petroleum reached its low last year. Every one of our important markets abroad except Belgium bought more cotton than a year ago. Shipments of the commodity constituted 20% of total exports by value.

Crude petroleum exports—more than 14 million barrels, chiefly to Canada and Japan—set an all-time high mark for the January-June period and exceeded any full year's exports prior to 1923. The increase over last year was 20%, and above the 5-year average 37%. Value exceeded last year's total by 28% and, even at the low prevailing price, was 2% above the 5-year average.

Wheat exports were 77% greater than last year and 22% above the 5-year average.

Europe's January-June purchases placed American sewing machines for household use among the 6 exports which increased in both quantity and value. Sales abroad of 90,191 sewing machines were an increase of 87% over 1931, but 14% below the 5-year average.

With the United Kingdom and China reducing their tobacco purchases by almost two-thirds, our leaf tobacco suffered one of the severest declines registered among leading exports. Apples, another important farm product, were sold abroad in increasing volume.

Lard, our main packing-house export, held up well in quantity, but the price received was less than 6¢ a pound, lowest since 1898. This spring we exported only 8% less lard than a year ago, though outgoing shipments were 22% below the 5-year average.

Significant Changes

In a check-up of the first 15 exports this year and last, there are 3 or 4 significant shifts in the relative positions on the list. Unmanufactured cotton is still our greatest export. Last year it made up only 12% of total exports in value. This year, it is 20%. Gasoline pulled up to second place this year, ahead of automobiles, and lubricating oil rose from seventh position last year to fourth place. Wheat jumped from sixteenth to seventh place in the export list.

Agricultural machinery showed the most spectacular drop this year—from fifth to twenty-seventh place on the list. This was due largely to the falling off of orders from the Soviet Union.

Major import items were relatively more stable. Coffee, raw silk, sugar, and newsprint remained the first 4 items in the import list. Crude rubber dropped to seventh place, furs to tenth, and tin slipped way down. Climbing up the import list this spring were wood pulp, crude petroleum, unmanufactured tobacco, bananas, cocoa, refined copper, and fish.

Manufactures Slip

Manufactured products have suffered in both the import and export list. Automobile exports particularly declined. So have all luxury items.

A healthy foreign trade is not likely to revive until something is done by the great trading countries to lower barriers and open up the flow of trade. Just now there seems to be a mass of new import quotas or high tariffs, though it is entirely possible that these are only last-minute gestures on the part of various governments to better their bargaining position at the coming world conference. Despite the improving industrial outlook in a number important countries, it is not to be orgotten that a large part of Central nd Southeastern Europe, as well as atin America, is being artificially supported on the confident belief that something will be done before the winter over to help them get back into the orld's active trade channels.

anada Subsidizes Efforts To Win Oriental Markets

NE of Canada's greatest exports is ood in various forms. One of the reatest producing areas in the Domin on is the West Coast region around ancouver.

Because tariffs have cut into the export sales to the United States, Ottawa as decided to subsidize regular sailings rom Vancouver to the Orient in an ttempt to win a firmer foothold in the ar Eastern market for softwoods.

In a new contract which the governnent has signed with the British-anadian Steamship Co., Ltd., Canada ill pay a fixed subsidy of $4,950 for ach sailing to the Orient. Two regular onthly sailings are planned.

ending Machines Thwart olish Tobacco 'Leggers

HE tobacco business is a government onopoly in Poland. Like the alcohol onopoly, it is one of the government's rincipal revenue producers. Income rom the tobacco tax has exceeded $40 illions a year.

This explains the backing of the olish Tobacco Monopoly in the new roject to introduce automatic cigaretteending machines throughout Warsaw.

Tobacco dealers proposed the installation of the automatic machines to andle night and holiday trade which therwise is usurped by bootleg vendors. hey will be set up outside tobacco hops, in hotels and railway stations.

orway Develops ival to Celluloid

"STRONGER than celluloid and highly ater resistant." This is the description f a new product which scientists in orway have just developed from wood ulp. They call it trelit. It is similar o celluloid in appearance, is being ested now for the manufacture of toys, ay eventually be used in making buoys or fish nets and life belts. Production rials have been started at Frederikstad.

Avalanche Bond

or

Vagabond

WOULD your best salesman call on a prospect dressed in cheap, wrinkled clothing? Would he allow his presentation to be shaded the least bit by the unfavorable distraction caused by not being properly and neatly dressed? The answer is obvious.

Yet, your best sales efforts—through the medium of direct-by-mail or correspondence—may be dressed in cheap, limp bond paper of poor quality. If the recipients of these carefully worded sales messages are repulsed by the shoddy appearance of its "clothing" all the constructive elements of valuable sales psychology, experience and costly production time have been sacrificed because somebody thought successful sales stimulation could be bought by the pound!

Specify Avalanche Bond for your correspondence stationery, and direct-by-mail advertising,—if the nature of the printed piece indicates the use of a bond paper.

The difference in cost to you between a cheap unimpressive paper and Avalanche Bond when reduced to one sales unit is practically—NOTHING.

GILBERT PAPER COMPANY, *Menasha, Wis.*

One of the
GILBERT
Quality
Papers

Please use your business letterhead for reply

Business Abroad—Swift Survey Of the Week's Developments

Undercurrents create uncertainty but fail to reverse reviving business optimism. . . . Security markets generally weaker, but resistant; commodities steady. . . . Britain gradually easing ban on new issues. . . . France less resistant to local disintegration. . . . Germany hesitant. . . . Japan stirred by Manchukuo report, disheartened by cost of expansion policy. . . . Coffee prices slump on ending of civil war in Brazil. . . . Optimism tempered but persistent.

Europe

EUROPEAN NEWS BUREAU (*Cable*)—Business in Europe was influenced this week by strong undercurrents which lent a degree of uncertainty but which may eventually react more favorably than unfavorably. Security markets were generally weaker, though still distinctly resistant. Commodities maintained previous levels, or advanced slightly. The tone is good.

There were few outstanding developments. Britain witnessed the first conversion since the 3-month ban was lifted by the government following the huge national project. Australia offered to convert New South Wales bonds on a new short-term basis at 3½%, and the British public responded promptly. Lever Bros. are expected to attempt the first industrial conversion. No foreign loans or industrial new issues will yet be allowed. Complete removal of the ban is delayed to prevent a rush of issues which might glut the market and develop unfavorable public reaction.

Wider British Markets

British industry continues to be cheered by the prospect of expanding markets within the so-called "sterling convoy." Following the successful British exhibit in Denmark, British products are now on display in Sweden. At the same time, Iceland's premier has been a visitor in London and has devoted considerable time to discussing trade relations.

Less tangible influences during the week were the reactions to the League of Nations report on Manchukuo. There will be considerable uncertainty concerning the question until it comes before the League in late November.

Germany is something of a question mark again, though there is still considerable confidence in the von Papen program. Armaments, however, are likely to be a center of controversy. There will be problems connected with the coming elections, though none expects the present régime to falter in its determination to carry out the new economic program so long as there is President Hindenburg to back the government. Labor troubles which followed the attempt of employers to introduce the wage cuts allowed in the von Papen plan have put an end for the time being to any further cuts. Reemployment continues though industry still has registered no marked gains in output.

The most serious German problem for the moment is the retaliatory measures which have been threatened since announcement of the plan to put many important imports on a quota basis. Belgium has been placated. Not so Holland and Italy.

French Cooperation

France is obviously pursuing a new policy of cooperation with both Britain and the United States and it is likely that this will be reflected in forthcoming events. Business will be affect importantly if the Franco-Americ trade negotiations lead to a new tra agreement.

Germany

Stocks suffer setback. . . . Labor r fuses to take wage cuts. . . . Indust reemploys, but fails to register pr duction pickup.

BERLIN (*Cable*)—The week's serio setback on the stock market was l by Bemberg and Siemens shares. Wea ness in demand for Siemens stock w due to the possibility of passing i dividend. Inability of Cologne an Frankfort to meet maturing notes indicative of the general conditio throughout Germany of local credit.

Strikes are preventing the lowerin of wages as provided in the von Pape plan. Despite a fair volume of reem ployment, industrial activities are at th lowest levels though there has been n further drop in prices.

In spite of the agreement with Be gium on import quotas, negotiatio with other countries, notably Hollan and Italy, are proving to be most diffi cult. Italian reprisals through forei exchange regulations are a serious h to German exports.

PORT GISBORNE
RUSH ORDER
FOLLOWING OTTAWA CONFERENCE
BRITISH CARS FOR NEW ZEALAND
HILLMAN MINX

Wide World

OTTAWA PROFITS—*Rush shipments of 40 British automobiles to New Zea-land following agreement at the empire conference to foster inter-empire trade. Britain suggests "Buy New Zealand butter and cheese in return"*

reat Britain

Tone good despite slight psychoogical reaction. . . . **Government ban** n new issues **partially lifted. . . . First** ustralian **conversion well received.**

ONDON (*Cable*)—British optimism as slightly restrained this week, but e business tone is still good. Markets ere slack, and commodities irregular. esumption of work at the textile mills as stimulated the entire industry, but ere is still a degree of uncertainty in e spinning section where negotiations ith employers are continuing.

None of the week's psychological retion is attributed to changes in the inistry. Critical Britishers are fully ware that the national character of the binet has not been altered and that e retiring ministers were willing to pport the government in all of its olicies except the tariffs. When these ere planned, they were to be emerency measures. After Ottawa, they had o many characteristics of permanency.

New Issue Ban Modified

Final conversion of the war loans, th a demand for only 8% cash reemption, has cheered the markets, but ere is considerable annoyance that the n on new issues is only partially reved. By treasury decree, no foreign ns can be floated on the market and o conversion issues involving new cash ubscriptions. This is designed to preent a rush of new issues following the ng ban during the period when the overnment was carrying out its huge nversion project. The first issue after 3-months ban is a conversion of the South Wales 10-year $5\frac{3}{4}$% bonds an Australian Commonwealth issue ch will bear only $3\frac{1}{2}$% interest, but ch is issued only as a 5-year loan. e market absorbed the bonds in carcely more than an hour. Lever Bros. ill attempt the first industrial conersion when they ask holders of their % first mortgage debentures to take ew 4% debentures, at 98, maturing erially over a 15-year period.

rance

Long-term **French outlook less** avorable. . . . **Foreign trade deficit** ounting; **tax revenues lower;** tourist raffic at new low. . . . **Trend influ**nces French **foreign policy.**

ARIS (*Wireless*)—It is becoming more pparent each week to the critical renchman and to observing foreigners that France is slipping further toward the depression bog which she avoided so successfully long after the other nations had become engulfed.

The overwhelming success of the war loan conversion operation, while gratifying, cannot be accepted as a sign that the public has accepted the idea of credit depreciation whole-heartedly. The project was railroaded through in just 6 days, and those who failed to apply for cash redemption on their holdings will find them automatically converted to bonds bearing the lower interest rate. This is strikingly in contrast to the carefully organized British campaign, long publicized, and operative for an entire month.

French Business Is Slack

There are other signs that France is not following the general world trend of slow, but still visible recovery. Foreign trade for the first 8 months is down sharply. The adverse trade balance is averaging more than $40 millions a month. At the same time, tourist expenditures, which have always helped to build up the invisible balance in favor of the French, are down, and still declining. It is estimated now that fewer than 600,000 visitors will enter the country this year, compared with more than 3 millions in the years before the slump. Expenditures in the prosperous days ran as high as $48 millions. This year they are not likely to exceed $12 millions.

Federal treasury reports are also disappointing. For the first 5 months of the current fiscal year, revenues are $60 millions below estimates, though these were made on a conservative basis expected to cover depression shrinkage.

New Economies Necessary

All of these facts indicate that France will be forced to make numerous drastic economies. The government has already proposed another vast public works program to be financed by a public loan. Others, despite the arguments that the resulting stimulus to industry and reemployment would improve tax income, believe that it would be impossible now to float a loan for this purpose, despite the vast volume of idle capital in the country.

French policy in several directions is more readily interpreted in view of this general admission of internal conditions. Negotiations over the Franco-American trade treaty are at a critical stage, but it is generally believed that both the French and Americans are more in a mood to bargain than at any time in years. Each has something to offer. Both may make concessions.

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Franco-German developments have not all been hopeful of late, but there is a feeling that France, given certain guarantees of security which might automatically follow any closer relations with Great Britain and the United States, will unbend in treating with Berlin. With domestic economy less secure, France may be more willing to talk disarmament seriously.

Conclusion of non-aggression pacts by Moscow with Poland and Rumania are expected to pave the way for a similar pact between Moscow and Paris. France is showing more interest in this prospect than in some months. It will be one more important factor in curbing war talk in Europe.

International New

Phantom President—*Japan made meek, 26-year-old Henry Pu Yi (center), last of China's deposed but imperial Manchus, the nominal head of the new Manchukuo republic. Backed only by the Japanese army, his newest Oriental state may not survive the world antipathy*

Latin America

Brazil ends civil war. Removal of coffee famine threat causes drop in prices. Producers take measures to prevent market glut. . . . Chile outlook gloomier. . . . Colombia war talk disturbing. . . . Storm damage in Puerto Rico less than at first estimated.

BRAZIL has called a halt to the civil war which has been waging since early in July. Communication has again been established with the rebel state of São Paulo. The port of Santos is open, but no coffee shipments have yet been released.

Santos coffee, which sold as high as 14¢ when the threat of a coffee shortage was most acute because of the inability of São Paulo exporters to get stocks out of the country, is now selling below 10¢. Stocks in New York are adequate to cover immediate demands and shipments afloat from Rio and from other producing countries have been stepped up.

Coffee Shipments Controlled

In São Paulo, the announcement has been released that shipments will be strictly regulated in an effort to support the price. While Brazil has shown rather remarkable perseverance in carrying out the restriction scheme since the beginning of the year, it is doubted in coffee circles in this country whether it will be possible to avoid something of a glut on the market in coming months. São Paulo officials are reported to have secured a loan from domestic bankers on the pledge of 4 million bags of coffee which was to be given preference when stocks again begin to move. Further, growers and exporters have been accumulating stocks for 3 months. It seems improbable that coffee prices will be able to maintain recent gains. It is more likely that prices will fluctuate considerably in coming weeks, and tend to weakness.

The outlook in Chile is increasingly gloomy. Government stability is at the lowest ebb in many years. Revolution has broken out in the north. In Santiago, more than 200,000 unemployed are reported. The government has been forced to appropriate national funds for the import of necessities.

There is some concern over war preparations in Colombia, despite the belief that any large-scale operations in the remote southeastern part of the country where Peru has seized an outpost are improbable. Conditions generally in the country have been improving recently.

Puerto Rico Suffers

First storm reports from Puerto Rico prove to have been exaggerated. Property damage was largely confined to fragile, small dwellings. The citrus groves suffered the greatest damage, estimated now at $7 millions. Coffee and sugar were comparatively undamaged.

Far East

Business news eclipsed by publication of League of Nations report on Manchukuo; next official action in mid-November. . . . Japanese business follows world trend. Internal loan not likely to exceed $60 millions. . . . China cheered by good crops. Plan for rail construction. Freight rates increased 10%, and delivery of shipments assured.

ALL business news from the Far East this week was eclipsed by the publication of the results of the League of Nations investigation of the Manchurian case. Reaction varies in different countries. Formal consideration of the report and its recommendations will not be taken up by the League until well into November. Meanwhile, reaction in Tokyo, Nanking, Moscow, and Washington is being watched closely.

After reviewing the affair with dignified impartiality and placing a certain amount of blame on China for not observing treaty obligations and keeping her house in order, and on Japan for impetuous haste in resorting to military gression, the report recommends reinsideration of the whole problem. h China and Japan must benefit. issia must be considered. New eaties must be drawn. Order must be eserved in Manchuria.

Uncertainty Over Manchukuo

Business is not likely to be stimulated the revelation of the findings of the vestigating committee. The unceranty of future action will dominate for least another month. Chinese antagnism, in the form of the boycott, may intensified until there is more assurce that the outcome will be along the es of the proposed policies. Japan ay run into increasing difficulties in licing the region in question.

Japanese business, meanwhile, is folwing the general world trend. Comodity and stock exchange prices are ain fairly steady but at lower levels. change is weak. Exports of rayon, ment, iron and steel products are ghtly up. Raw silk continues to be ipped abroad in fair volume. Inustry, however, is not expanding until ere are further assurances that the covery is substantial.

Japanese Internal Loan

The week's rumors of an enormous ternal loan to cover relief and the eficit are exaggerated. It is expected authorities that any internal bond sue will not exceed $60 millions.

China is encouraged more by excelnt crops than by any other factor. here is some concern over the recent ge by outstanding thinkers that the overnment recognize officially the reivision of large estates in the regions ntrolled by Communists, and carry out e plan elsewhere.

Two items of rail news are signifint. Following numerous rumors that hina will undertake soon to go ahead ith a rail construction program, there e reports this week that these plans e becoming definite, that lines are eing contemplated for the southntral region. As much as $90 millions ay be spent connecting important coal egions with existing lines to river and a ports.

China Raises Freight Rate

The second item is the official report from Nanking that 10% will be dded to all internal freight charges nd that the government, following this hange in policy, will guarantee delivry of shipments. Heretofore, Chinese squeeze" has exacted a large penalty rom shippers who could "insure" their hipments in no other way. The deline in rail revenues in recent months as been drastic.

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B. W. 10-32

The Figures of the Week And What They Mean

The situation in basic industries remains virtually unchanged. . . . Steel production is edging slowly upward with the support of small consumers. . . . Pig iron output made a fair gain over August, and unfilled orders are likely to show an increase during September. . . . Residential building indicates continued improvement. . . . Public works awards reached new highs for the year. . . . Coal and electric power production give no signs of weakening. . . . Carloadings are approaching the critical turning point. . . . Currency circulation, check payments, and commercial loans declined.

THOUGH improvement in steel production is making but plodding headway, the industry feels the situation at the opening of October is considerably better than a month ago. Pig iron production during September gained more than 15% over August on a daily basis, the first rise since February. Blast furnaces in operation gained 5 during the month, bringing the total number to 47 in active service. *Iron Age* ventures the belief that unfilled orders of the U. S. Steel Corp. will show a substantial gain over the volume outstanding on August 31.

Outside of these favorable circumstances, the underlying situation continues the trend apparent in former weeks. Buying is in the hands of the small consumer for immediate shipment, but the fact that these shipments are going into consumption channels rather than into stock, evokes the hope that reordering can be expected soon.

Tin plate activity has been stimulated both by the sizable tomato pack and Western fruits, bringing about the reopening of some long idle mills. This branch of the steel industry is probably the most active of any division, averaging about 40% of capacity. Recently, a leading can maker placed a 50,000-ton order for tin plate.

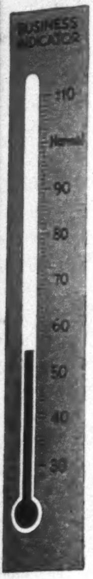
Tubular goods is also showing sig of more life. Motor manufacturers a still cautious about new model produ tion, though parts makers are takin some steel for new models. Buick scheduled to begin full operation mid-October on a 5-day basis. Chevro let has started work on cylinder block for the new car at Saginaw. Ford activ ity is at a low level of not more than 3 days a week. Specific announcement has been made regarding the wage cu of Ford employees. The new minimum rate will be $1 below the famous $5 day scale which has been in effect fo 18 years.

Railroad Orders in Prospect

Railroad buying is still insignificant though there is some tendency to in quire for steel for repair purposes and for providing employment. Freight shipments have made favorable upward turns that will strengthen the position of many roads. Prospective tonnage from the Santa Fe for 40,000 tons of rails, from the Chicago Great Western for 500 freight cars and 10 locomotives and from the Pennsylvania, B. & O. and Reading, and probably the New York Central, for steel for repair purposes overhangs the market. Freight

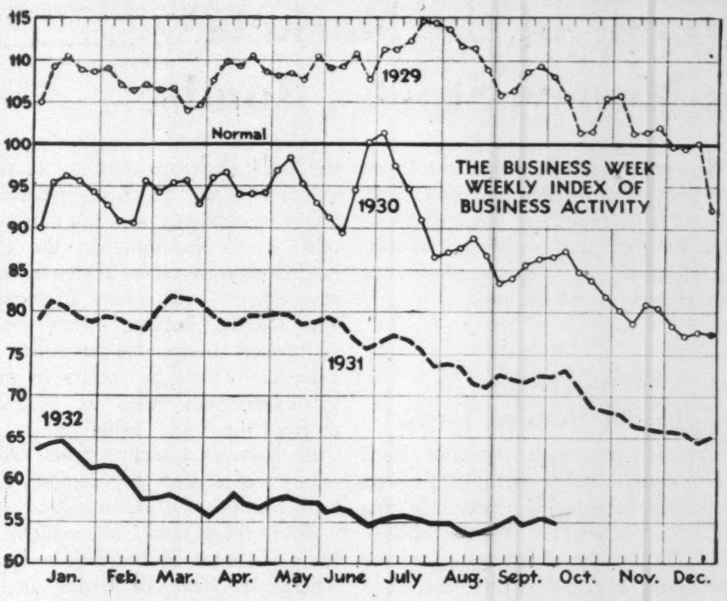
	Latest Week	Preceding Week	Year Ago	Five-Year Average (1927-1931)
THE BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY	*54.8	†55.2	72.2	
PRODUCTION				
Steel Ingot Operation (% of capacity)	18	17	29	64
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$5,310	$5,275	$10,476	$16,206
Bituminous Coal (daily average, 1,000 tons)	*1,052	†1,024	1,239	1,653
Electric Power (millions K. W. H.)		1,491	1,646	1,651
TRADE				
Total Carloadings (daily average, 1,000 cars)	99	98	123	174
Miscellaneous and L. C. L. Carloadings (daily average, 1,000 cars)	66	66	82	112
Check Payments (outside N. Y. City, millions)	$2,501	$3,052	$4,158	$5,699
Money in Circulation (daily average, millions)	$5.635	$5,660	$5,281	$4,878
PRICES (*Average for the Week*)				
Wheat (No. 2, hard winter, Kansas City, bu.)	$.49	$.49	$.43	$.96
Cotton (middling, New York, lb.)	$.071	$.075	$.057	$.152
Iron and Steel (STEEL composite, ton)	$29.32	$29.32	$30.82	$34.16
Copper (electrolytic, f.o.b. refinery, lb.)	$.060	$.060	$.068	$.124
All Commodities (Fisher's Index, 1926 = 100)	62.2	62.4	68.1	88.1
FINANCE				
Total Federal Reserve Credit Outstanding (daily average, millions)	$2.244	$2,262	$1,596	$1,395
Total Loans and Investments, Federal Reserve reporting member banks (millions)	$18,907	$18,930	$22,107	$22,220
Commercial Loans, Federal Reserve reporting member banks (millions)	$6,185	$6,218	$7,845	$8,768
Security Loans, Federal Reserve reporting member banks (millions)	$4,521	$4,511	$6,346	$7,166
Brokers' Loans, New York Federal Reserve reporting member banks (millions)	$425	$408	$1,172	$3,783
Stock Prices (average 100 stocks, Herald-Tribune)	$89.40	$90.63	$99.11	$151.09
Bond Prices (Dow, Jones, average 40 bonds)	$81.56	$81.54	$85.71	$94.04
Interest Rates—Call Loans (daily average, renewal)	2%	2%	1.5%	4.7%
Interest Rates—Prime Commercial Paper (4-6 months)	2-2¼%	2-2¼%	2%	4.2%
Business Failures (Dun, number)	540	529	543	440

***Preliminary †Revised**



The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation see *The Business Week*, May 7, 1930, p. 39.



rs in need of repair on Sept. 1 on lass I roads numbered 253,608, or .9% of the number on the line and increase of nearly 8,000 during the onth. Freight cars on order numred 1,423 compared with 6,643 on pt 1, 1931. Only 5 new locomotives ere on order a month ago against 29 a ar ago.

Lettings for structural steel have been nning considerably below inquiries, spite of the efforts being made to ed loans for self-liquidating projects der the guidance of the Reconstrucn Finance Corp. But the stimulus of vernment projects is apparent in the lume of contracts awarded for public rks.

Price Fluctuations

Steel scrap prices at Chicago have akened, but finished steel prices show me advance. Railroad spikes were duced $4 a ton to square with recent ncessions. Can consumers are dending a cut in prices, and a reduction tin plate is expected next month en the official 1933 quotation is announced.

Residential construction awards made outstanding gain during September. ven out of the 13 F. W. Dodge discts reported a greater volume of concts than in August. Awards totaled 2.8 millions, equal to a 9.8% inase, or an 18.6% increase when owance is made for the fact that ptember has 2 days less than August. e low level to which residential conction has fallen in the past 9 months s the present rise of some significance. Nevertheless, the improvement is gratifying.

Public works and utilities loomed largest in volume with a total of $68.7 millions. On a daily basis, this is a gain of 15.7%, and without allowance for the short month the gain is 7.1%. This is the largest total for any month since last October, and continues an increase that has been fairly persistent since the beginning of 1932.

Non-residential awards of $35.9 millions were 26.6% below August or 20.7% below on a daily basis. Total awards of all classes in the 37 states aggregated $127.5 millions, a decline of 4.8% when no allowance is made for the shorter month, but a gain of 2.8% on a daily basis.

Appalachian Coals Decision

Coal production continues its seasonal expansion, with bituminous gaining nearly 3% during the week of Sept. 24 and anthracite, 10.7%. A blow to the bituminous industry came in the form of a decision holding the Appalachian Coals, Inc., a selling organization set up to eliminate ruthless undercutting, to be operating in restraint of trade, thus violating the anti-trust laws.

The upward trend in electric power production continues unabated, though the rise in the week ended Oct. 1 was not more than usually expected. The index remains unchanged at 70% of normal. When comparing the current week with a year ago, improvement is particularly marked in the New England states.

Carloadings are reaching the critical turning point as they approach October. Comparison of the week ending Sept. 24 with a year ago is the most favorable of the year to date, being slightly more than 19% below a year ago. Estimates of fourth quarter shipments of 29 principal commodities indicate a 10.4% decline from last year compared with an estimate of 21.1% in the third quarter, according to the Shippers' Advisory Boards. These estimates have been too optimistic in the past year.

Check Payments

Check payments declined to the level of some of the lowest weeks of the year in the week following the brief mid-monthly spurt. The index lost one point to 59%. New York City fluctuated most widely with a decline of nearly 30%, while outside of this center, the decline totaled 18%.

Currency circulation outstanding during the week Oct. 1 declined another $25 millions. Bank suspensions during September reached the March level with but 56 closings. This compares with 86 in August and 135 in July, according to the *American Banker*.

Hesitation characterizes commodity prices. Coffee prices broke on news of peace in Brazil, but some recovery has since occurred. Cotton strengthened on belief that the next crop report will show deterioration. Wool declined; silk was slightly lower. Irregularity marked rubber, hides, cocoa, wheat. Sugar and hogs were weak; cattle steady. In the non-ferrous metal markets, copper was steady; lead advanced; zinc declined and tin was irregular.

Trends of the Markets In Money, Stocks, Bonds

Money rates reach record low levels as surplus bank reserves rise and credit demand is delayed. . . . Stocks remain indecisive and dull pending political developments. . . . Bonds show uneasiness over fiscal outlook.

Short-Term Funds Go Begging at Record Lows

During the past week the New York money market has been distinguished by the lowest rates on record in this country or elsewhere for short-term funds. This nadir of interest rates was approached but not quite reached a year ago last July when the New York Federal Reserve rediscount rate was reduced for a while to 1½%. Now the bank rate is 2½%, but the pressure of idle funds seeking short-term investment is the greatest and the demand for them least in the memory of the market.

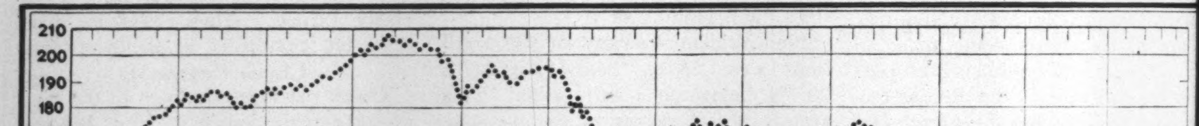
Dealers quoted 60- and 90-day money at 1%, and 6-month loans were traded in at 1¼%. While the call loan rate at the Stock Exchange desk is still pegged at the 2% rate which moved the *New Yorker* recently to print the monotonous table as a burlesque, in the outside market money can be gotten if wanted at ½% to 1%. The Stock Exchange call loan rate has become merely the basis of broker charges on customers' debit balances. Loans to dealers in government securities ruled at ½% during most of the week. Most striking of all these signs of superfluous but uncertain funds was a drop in commercial paper rates to 1⅜% for prime names.

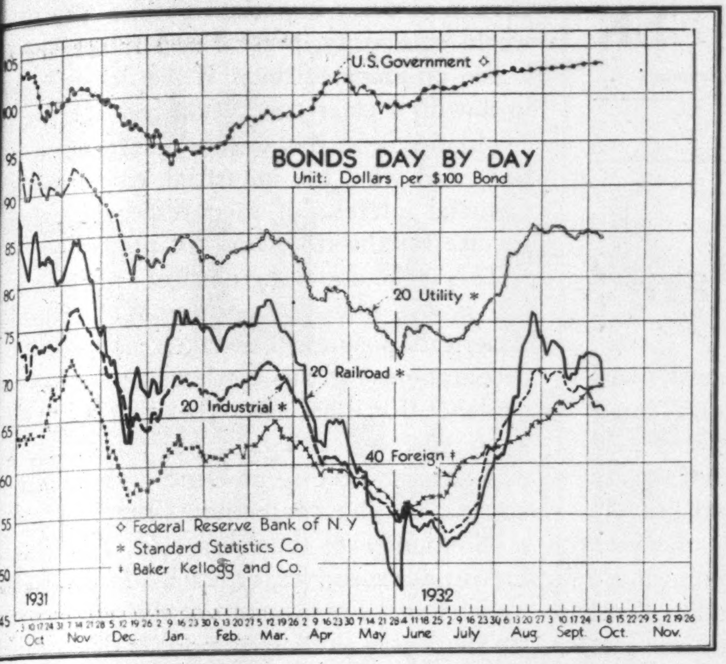
Even these rates are nominal, since there is almost no business being done. There are few borrowers in sight. Bankers' acceptances have practically disappeared. Few are being made and outstanding bills are tightly held by banks. The trade acceptance seems to have relapsed into the limbo from which recent efforts sought to liberate it.

This extreme ease in the short-term money market is not confined to the United States. The same symptoms of piling up of idle funds are seen in foreign centers where in some instanc no interest is being paid on deposits.

In the American money market th main factors in this unprecedente plethora of short-term funds are a con tinued flow of gold, steady return o hoarded currency, new issues of na tional bank notes, persistent liquidatio of bank loans in the commercial classi fication, and piling up of governmen deposits in connection with the con tinuous large-scale fiscal operations i which the Treasury is engaged on be half of itself and the R.F.C.

Gold reserves have risen $276 mil lions from the low point reached dur ing the June gold-rush from abroad Currency in circulation has fallen $17 millions from the high point in the firs week of July. About $50 millions o new national bank notes have bee issued. All these changes resulted i an increase of excess reserves of mem ber banks last week to a record hig figure of $400 millions. Borrowing from Reserve banks have been reduce to a bare $100 millions. Deposits o New York City members are at th highest point so far this year and fo outside banks have been practicall steady since the beginning of Augus Loans and investments of all reportin member banks have risen to the highe





vel since the beginning of June, but is credit expansion has been wholly government security holdings, com- ercial and security loans having de- lined and other investments remained bout the same.

Erratic Stock Trading Is Mostly Election Betting

OR more than two weeks the market as been characterized by dullness of ading and indecisiveness of price ovements. Turnover has rarely ex- eeded a million shares daily, trading as been almost wholly intra-mural, mong members, outside interest very aint. On balance the September record howed no advance, and, according to ost averages, a slight net loss in stock alues for the month as a whole.

Despite this inability to make head- ay during the month, few market ob- ervers are disposed to believe that the ull trend has definitely changed. There fairly universal expectation of highly ratic movements between now and lection time, dominated mainly by eculative pool operations based on po- tical factors—a good market for the nvestment-minded to avoid till the tuation clears. The trade and com- odity price indicators have become a ttle less definite than they were a few eeks ago as regards the prospects of ontinued business improvement, and e market is likely to be less influenced y strictly business news in the next onth than by political sentiment.

Foreign Bonds Show Fresh Signs of Life

THE bond market is making a fairly reassuring showing in face of the uncertainty and sagging tendencies displayed in stocks during recent weeks. Weakness has been evident for some time in the second-grade speculative issues, but the whole range of high-grade bonds has maintained a steady tone under the stimulus of extreme ease in money rates. During the past week the most striking feature of the market has been the sudden reappearance of strength in the foreign section, associated apparently with institutional buying. Life insurance companies put a large part of their funds into foreign issues in the latest week for which figures are available.

Despite the strengthening influence of surplus funds there is an undertone of nervousness discernible in the bond market, due to growing doubt about the trend of Treasury financing policy. The $400-million deficit in the first quarter of the fiscal year, the unwieldy mass of floating debt and the excessive dependence upon bank credit in absorbing new issues are creating increasing uneasiness, reflected recently in a slight weakening of the long-term Treasury issues.

The new issue market continues wholly inactive except for a nominal amount of municipals. September new flotations, all bonds, were the smallest since May, the bulk accounted for by the $60-million Canadian issue.

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STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912

Of The Business Week, published weekly at New York, N. Y., for October 1, 1932.

State of New York } ss.
County of New York {

Before me, a Notary Public in and for the State and county aforesaid, personally appeared C. H. Thompson, who, having been duly sworn according to law, deposes and says that he is the Secretary of the McGraw-Hill Publishing Company, Inc., publishers of The Business Week, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

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C. H. THOMPSON, Secretary.
McGRAW-HILL PUBLISHING COMPANY, INC.

Sworn to and subscribed before me this 29th day of September, 1932.

[SEAL] H. E. BEIRNE.
Notary Public N. Y. Co. Clk's No. 203, Reg. No. 3B102. Kings Co. Clk's No. 636, Reg. No. 3129.
(My Commission expires March 30, 1933)

THE BUSINESS WEEK

The Journal of Business News and Interpretation

October 12, 1932

What Do We Want?

TOWARD the end of January, if present plans go well, there will assemble in London (most likely) what may prove to be the most important of all the many international conferences that have lifted up the hearts of hotel keepers in Geneva and elsewhere ever since the war. Most American business men at the moment are probably much less interested than the hotel keepers; so far as they are concerned international conferences have definitely come to belong in the Ho Hum department of human activity.

But this one may be different. It is a spontaneous affair; no nation or League of Nations is really responsible for calling it, yet every corner of the earth is likely to be represented. It has no specific political purpose, but what it does will profoundly affect every political issue in world affairs. It will not be a mere academic discussion of interesting questions by eloquent or expert talkers; the delegates will represent governments and will come with power to decide and act in the name of peoples. The world economic conference will bring together the nations of the world, battered and bewildered by the severest depression in its history, in a sincere effort to see what they can do in concert to relieve their distress by common action on difficult questions of their international commercial and financial relations.

They will ask themselves once more whether international trade cannot be restored to its natural level by relaxation or reconsideration of those restrictions of tariffs, exchanges, import quotas that now strangle it. They will seek ways of closer financial cooperation among the central banking institutions of all important nations in the hope that the instability of monetary values which has caused the collapse of business the world over may be corrected. There will indeed be place in this conference for discussion of every important problem that affec world prosperity, present and future, and fo action on many of them, if the delegates com to it with a clear conception both of what th world needs in the way of international relations and what the industrial, commercial an financial interests of their respective countries require for the restoration of prosperity.

This is the one thing needful and so far lacking in the plans for American participation. American business has taken no part in the preparations for this conference; there is little evidence that it has given the event any thought. Even now our delegates are proceeding to a preliminary meeting at Geneva to prepare the agenda for the conference. But have we, as a community of business men, bankers, and industrial executives, organized in innumerable associations, any program of the part this country shall play in these important deliberations? Have we made up our minds upon mature consideration as to what we want this conference to accomplish for the improvement of American trade and financial relations with the rest of the world? Has American business as a whole—or banking, or labor, or agriculture too—any clearly conceived policy or even any consistent philosophy of international economic relations which it has charged its delegates to the conference to promote?

If we have, our servants in Washington have not heard of it, save in the most casual way. They will doubtless do the best they can, as always, to judge what American business thinks and wants, but if they guess wrong, and do not accomplish as much as they might in the interest of ourselves and the world at this crucial coming conference, we shall have ourselves to blame for not coaching them more cogently. If the voice of American business is to be heard in world affairs on this occasion it must begin to clear its throat, and its head.

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